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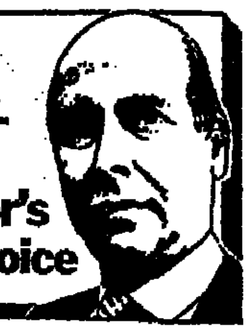

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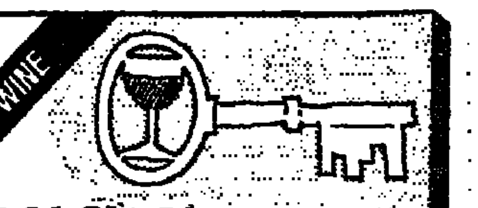

1961 Clarets come of age p21

NEWS SUMMARY

GENERAL

Heseltine launches onslaught on CND

Defence Secretary Michael Heseltine has stepped up his attacks on the Campaign for Nuclear Disarmament, saying it is aimed at advancing the "Socialist and Communist" cause.

He has written to Tory candidates in marginal seats—which CND intends to contest—giving details of links, some of them tenuous, between CND members and Communist groups.

The letter compares CND members to "hovering vultures" and says the "conspiracy of the left" is "distorting the language of peace."

Moscow problems

As Moscow celebrated the 113th anniversary of Lenin's birthday, Politburo member Konstantin Chernenko was missing from a ceremony, prompting speculation about his future. Meanwhile, three Soviet cosmonauts returned to earth after an aborted mission and Australia expelled a Soviet diplomat for spying. Page 2

Italian crisis

Italy's Socialist Party pulled out of the five-month-old coalition government and called for a June election. Back Page

Hitler's diaries

The West German magazine Stern said it had found Adolf Hitler's diaries for 1932 to 1945. The Sunday Times will publish extracts tomorrow.

Shultz flight

U.S. Secretary of State George Shultz is flying to the Middle East to press for the withdrawal of foreign troops from Lebanon.

Bureaus praised

Consumer Affairs Minister Dr Gerard Vaughan praised Consumer Advice Bureaux and said they might get a bigger grant. Page 3

Death threat

FT correspondent Jimmy Burns was threatened with death if he did not leave Argentina in 24 hours, by the "April 2" nationalist group. Page 2

Nevada blast

Britain and the U.S. tested a 20-kiloton nuclear bomb 870 ft below the Nevada desert.

SPG charges

A London magistrate dismissed charges that seven Special Patrol Group members assaulted youths in the 1981 Brixton riots. It was incorrectly reported yesterday that they were committed for trial.

Song odds

Ladbrokes named Luxembourg 5-2 favourites to win today's Eurovision Song Contest. British trio Sweet Dreams are 4-1 second favourites.

Striking beauty

A beauty contest at a Marconi factory in Lincoln was called off because most of the 22 entrants are on strike over pay.

Briefly . . .

Twelve Poles fled from a cruise ship in Amsterdam.

Iceland goes to the polls today.

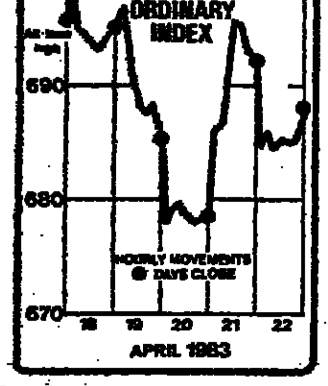
Beirut embassy bomb death toll rose to 53.

Cyclone William battered Polynesia; one woman died.

BUSINESS

Equities down 4; $ loses ground

● EQUITIES; the FT Industrial Ordinary index fell 4 to 688



but was 13 points up on the Account. Page 30

● GILTS lost up to ½ in longs but falls were minor in mediums and shorts. Page 30

● WALL STREET was up 9.39 at 1,197.66 at 2 pm. Page 28

● DOLLAR fell to DM 2.4485 (DM 2.4555), SwFr 2.06 (SwFr 2.063) and FFr 7.34 (FFr 7.3625) but rose to Y236.8 (Y236.4). Its trade-weighted index fell from 122.6 to 122.4. Page 27

● STERLING rose 20 points to $1.5455 and rose to Y366.25 (Y365) but slipped to DM 3.7875 (DM 3.7925), SwFr 3.185 (SwFr 3.1875) and FFr 11.345 (FFr 11.36). Its trade-weighted index was 83.2 (83.1). Page 27

● GOLD was unchanged at $437.5 in London. Page 37

● OPEC is seeking talks with the Soviet Union on stabilising the world oil market. Page 2

● ENTERPRISE ZONES report will say they have not yet attracted much new investment. Page 4

● CIVIL ENGINEERING Contractors' leader Sandy Shand criticised the raising of private finance for road building merely to reduce public spending. Page 3

● TERRY BURNS, the Government's economic adviser, has been given a year's extension to his appointment. Back Page

● BL'S high production costs are a major factor behind high car prices in Britain says an EEC report. Page 3

● ENGINEERING companies have begun to report a growing number of industrial disputes, believed to be a sign of greater resistance to redundancies and low pay deals. Back Page

● ENGINEERING workers are to press ahead with claims for a 35-hour week. Page 4

● ICI workers at Hyde, Manchester accepted wage cuts of 5 to 20 per cent in a merger deal with a Marley subsidiary. Page 4

● CADBURY - SCHWEPPES Australia had its A$48.4m (£31.3m) bid for Allen's Confectionery blocked. Page 24

● BLACKWOOD HODGE, the earthmoving equipment group, plunged from losses of £92,000 to losses of £3.69m in 1982. Page 24; Lex, Back Page

● SPIRAX SARCO, Engineering, makers of steam control equipment, launched a £16.65m rights issue. Page 24

● CAPARO, the steel stockholder, may raise its offer for tubing group Barton to 42.5p a share. Page 24

Inflation rate down to 15-year low of 4.6%

BY MAX WILKINSON AND MARGARET VAN HATTEM

BRITAIN'S annual inflation rate fell to 4.6 per cent in March, its lowest level for 15 years. The fall is expected to continue this spring, but a slow rise to about 6 per cent is likely by the end of the year.

The official figures, published yesterday, were greeted with jubilation by Government ministers.

Mr Norman Tebbit, the Employment Secretary, described them as "exceptionally good" and said that the UK was "now firmly established among the seven best countries in the developed world."

Pressure on the Prime Minister to call a June election from those Tories already favouring an early date will now almost certainly increase. However, a significant number of Tory MPs still favour waiting until the autumn. They are unlikely to be swayed by figures which were widely forecast.

The Government's frankness in stating that the rate will probably start rising again in June is seen by some as a pointer to a later election.

Mr Tebbit said the slow increase later in the year would partly reflect the very low monthly increases, in the summer months of 1982, and would be partly the result of upward pressure on prices from the depreciation of sterling and some higher world commodity prices."

The Employment Secretary insisted that the Government's successes in reducing inflation would soon begin to boost employment prospects.

Mr Michael Foot, the Labour leader, accused the Prime Minister and Sir Geoffrey Howe, the Chancellor, of "orchestrating talk about recovery." Mr Denis Healey, the Deputy Labour Leader, said Mrs Thatcher was "dithering on the brink of a cut and run election."

Mrs Shirley Williams, president of the SDP, claimed that the inflation figures made a June election "more certain than ever" and advised Mrs Thatcher to go to the country as soon as possible.

Mr Leon Brittan, Chief Secretary to the Treasury, told a Durham meeting that the crucial effect of low inflation figures would be on pa bargaining in the current wages round.

Yesterday's Department of Employment figures showed that the Retail Pricse Index rose by 0.2 per cent between February and March to 327.9 (1974=100).

In the U.S., consumer price inflation fell to an annual rate of 3.6 per cent last month, compared with an average of 4.5 per cent for the final quarter of last year. West Germany announced that wholesale prices in March were 1.1 per cent below their level a year earlier.

The recent sharp depreciation of sterling appears to have had little upward effect on retail prices in the UK. During the first three months of this year the price of all items except seasonal food was rising at an annualised rate of only 2½ per cent.

Over the six months to March the RPI as a whole rose at the equivalent of an annual rate of only 3.1 per cent.

During April and May the RPI will reflect the Budget tax changes, bringing expectations of a further significant fall in the annual inflation rate. This is because this year's tax increases were substantially lower than those a year earlier.

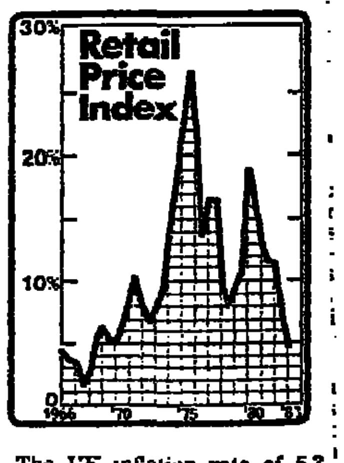
In the 12 months to March the fastest rate of price increases have been for fuel and light, with a rise of 13.5 per cent. This was followed by nationalised industries, whose charges went up by 11.9 per cent.

Food prices rose by less than 1 per cent, housing prices by only 1.2 per cent and those of clothing and footwear by only 2 per cent. Durable and household goods prices rose by 2.7 per cent but the cost of dining out went up by 6.7 per cent.

The Tax and Price Index for March was 171.9 (1978=100), a rise of 4.8 per cent over the previous 12 months. This index measures the pre-tax pay rise which would be needed to keep pace with the rise of taxes and prices.

Since April 1968, when the inflation rate last dipped below 4½ per cent, the RPI has risen by 404 per cent. This means that a £5 note today is worth almost exactly the same as a £1 note then.

Since May 1979, when the present Government came to power, average prices have risen by 52 per cent.



The UK inflation rate of 5.3 per cent in February was slightly below the 5.7 per cent average for the developed world and well below the average for Europe, which was 7.5 per cent.

Annual inflation rates in other major countries in February were: Japan, 1.9 per cent; the U.S., 3.5 per cent; West Germany, 3.7 per cent; Canada, 7.4 per cent; France, 9.2 per cent, and Italy, 16.1 per cent.

Foot pledge on investment, Page 4

Cowley peace moves boost hopes at BL

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL MANAGEMENT officials embarked on fresh talks with national union leaders last night in a new move to end the four-week-old strike by 5,000 car workers at Cowley, Oxford.

Their hopes that the strike can be broken were thought to be rising, in spite of another vote to stay out by a mass meeting of workers earlier in the day.

More than 1,000 of the estimated 4,000 who attended the meeting did not support their union leaders. Austin Rover, in a brief statement, said a growing number of employees clearly wanted to return to work.

In the next few days, the company will probably try to create a climate in which any return-to-work movement will grow. A key consideration for management will be when to activate the threat, temporarily suspended, to dismiss workers who do not report for duty.

Last night, however, Mr Brian Mathers, Midland secretary of the Transport and General Workers Union which represents most manual workers at Austin Rover, warned BL against dismissing any workers *in the dispute. The whole of the* trade union movement would be involved and "would not stand idly by".

His regional committee has already called a conference of all senior BL shop stewards to "make the arrangements necessary to defend our members."

Mr David Buckle, Oxford district secretary of the transport workers, made light of the number who had not supported the continued strike call. "What do you expect from workers who have been subjected to such pressures and threats from the company?" he asked. "They have already lost four weeks wages."

Mr Buckle told yesterday's mass meeting that the dispute was about human rights, trade union rights, human dignity and the quality of life at work."

He went on: "The root of this whole problem is that management over the past two or three years has run a regime of industrial authoritarism and we will not allow this to continue."

Mr Buckle asked the strikers to endorse the trade unions' own peace formula, already rejected by the management.

The unions insist that the productivity improvements necessary to qualify for higher bonus earnings should only be introduced with the *co-operation of the workforce.* Such co-operation would only be "brought about by agreement of the trade unions or by a ballot of the workforce."

While the formula could provide a base for further negotiations, Austin Rover management seems unlikely to make concessions. The company believes the union proposals would clear the way once more for shop stewards to control the pace of work.

Mr Harold Musgrove, Austin Rover chairman, insists there can be no compromise on the abolition of the controversial washing up time. Workers at Cowley Assembly traditionally end each shift three minutes early—a loss of 30 minutes production time a week.

Mr Musgrove says there can be no buy-out of the practice and workers must complete a full 39 hour week. Abolition of the washing up time is central to the Cowley factory being granted Audited Plant status—that is, meeting internationally-accepted manning levels and standards of efficiency.

Audited Status, which the company has offered from May 16, would raise the ceiling on potential bonus from the present £18.75 a week, to £30.00. One "sweetener" the company might offer could be to firm up proposals for a joint management-union forum to investigate allegations of "dictatorial" management.

BL blamed over high car prices, Page 3

Thatcher and Kohl gloomy on Soviet arms accord

By Stephaine Gray

MRS Margaret Thatcher, the Prime Minister, and Chancellor Helmut Kohl of West Germany agreed yesterday that there was little hope for a nuclear arms accord with the Soviet Union. It was probably, therefore, that U.S. Cruise and Pershing II missiles would have to be deployed in Europe by December.

At a joint press conference with Herr Kohl after a two-day Anglo-German summit in London, Mrs Thatcher said the prospects of eliminating both Soviet and U.S. medium-range missiles, the so-called "zero option," were "very very slender indeed."

The Prime Minister said there was probably a much better chance of securing some response to U.S. disarmament proposals once some of the missiles had been deployed.

However, Herr Kohl said he had gained the impression in talks with President Ronald Reagan last week that the U.S. was doing "everything humanly possible" to achieve an agreement at the intermediate

Continued on Back Page

Aurora seeks capital reconstruction

BY IAN RODGER

AURORA, the troubled special steel and engineering group built up under the direction of Sir Robert Atkinson, now chairman of British Shipbuilders, in the 1970s, has suffered further heavy losses and is seeking a capital reconstruction.

Last year's total loss of £17.7m compares with £19.7m of ordinary and preference shareholders' capital in the December 31, 1981, balance sheet.

Sir Robert, who remains chairman of Aurora, said in a letter to shareholders: "As a result of these losses, a capital reconstruction of the company is needed to enable the group to operate within an acceptable financial structure.

"Discussions are taking place with the company's principal bankers, Barclays Bank, and with a number of institutional investors," he said.

The company's shares have been suspended from trading on The Stock Exchange and the directors have been forced to call an extraordinary general meeting of shareholders on May 17.

Under the 1980 Companies Act, an EGM must be called if a company's net assets are reduced to less than half the amount of the share capital.

Also, Aurora's total borrowings, at £36.5m last December, exceed the amounts permitted in relation to shareholders' funds under the company's articles of association. Resolutions will be proposed at the EGM to raise the borrowing limits approximately to the level of the group's borrowing facilities, about £43m.

Aurora joined the special steel industry on acquisition of Osborn Steels in 1978 for £11.8m and Edgar Allen Balfour in 1979 for £13.8m. These moves were widely supported by the Government and in the City as the much-needed measures to make Britain's ailing special steel industry internationally competitive. Both takeovers involved substantial issues of shares underwritten by financial institutions.

Sir Robert told shareholders yesterday that the group's steel manufacturing activities had

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Lazard eyes machine tool industry, Page 4
Details, Page 24
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Hanson wins battle for UDS

BY RAY MAUGHAN

HANSON TRUST has won the £260m battle for the UDS Group of multiple and department stores. After a bid campaign which has lasted the best part of four months, the rival offer from the institutional consortium—Bassishaw Investments—is now set to lapse in the face of Hanson's 62.29 per cent control.

While the ownership of the entire group is now settled after a long and bitter contest, the future of many constituent parts of UDS could still be subject to hard negotiation. At stake are the Richard Shops and John Collier multiple store chains, which the UDS board had earlier contracted to sell for £78m to Burton Group, the fast-growing Dorothy Perkins and Top Shop.

Bassishaw, headed by Mr Gerald Ronson's privately-owned Heron Corporation and supported by a number of nationalised industry pension funds, raised its offer for UDS twice before settling at a top bid of 130p per share in cash. The executive board of UDS and the group's lawyer on the board supported that offer on the basis that the consortuim had made more specific pledges concerning the future of all the various subsidiaries.

Despite these assurances, Hanson's offer has been accepted by holders of 47.53 per cent of the equity, which, with the 14.76 per cent it was able to buy in the stock market, gave the higher bidder a comfortable platform from which to declare the offer unconditional and extend the terms nutil May 6.

Hanson offered five of its own shares—quoted at 186p, but down 3p yesterday—for every eight UDS shares which it topped up with 20p per share in cash. That values each UDS share at 136½p against a market price last night of 135p, up 1p. Hanson also added an all-cash offer at a later stage in the bid which is worth 133½p per share or £255m.

Some 97 per cent of accepting Hanson shareholders have elected to take the equity offer.

Members of the Bassishaw consortium will be meeting shortly to discuss a number of options in the wake of Hanson's success. The terms of the winning offer give Heron a substantial profit should the consortium decide to sell. Bassishaw already holds a 14.1 per cent equity stake in UDS and acceptances of its own offer are thought to amount to a further 10 per cent or so.

It is also possible that Bassishaw will elect to hold its shares, thus blocking Hanson's attempt to consolidate its new subsidiary. Bassishaw may also choose to bid against Burton for the John Collier and Richard Shops subsidiaries.

Hanson, as it has said all aong, will only now be able to assess in detail what it has acquired. An in-depth breakdown of the two multiples' complex property portfolies were made available by UDS to Burton early in the campaign, when Bassishaw was being fiercely resisted.

£ in New York

	April 21	Previous
Spot	$1.5445-5455	$1.5485-5500
1 month	0.18-0.13 dis	0.17-0.13 dis
3 months	0.42-0.37 dis	0.38-0.34 dis
12months	0.75-0.65 dis	0.65-0.55 dis

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Allebone	26½	+ 2½
Arlen Elect	377	+ 22
Babcock Intnl	165	+ 5
Bellair Cosmetics	78	+ 5
Benn Bros	185	+ 15
Bilton (P.)	286	+ 16
Gaskell Broadloom	62	+ 8
GEC	238	+ 8
Lec Refrigeration	223	+ 18
Mellins	168	+ 8
P and O Dfd	155	+ 5
TI	172	+ 8
Travis and Arnold	330	+ 12
Lunuva	500	+ 30
Randfontein Ests	£104¼	+ 1½

FALLS		
Treas 12¼pc 1992	£110	− ¼
Treas 12½pc 03-05	£113½	− ¼
Blackwood Hodge	19	− 5
Dunlop	49	− 3
Glaxo	883	− 57
ICI	460	− 8
Lon and Liverpool	360	− 30
RMC	371	− 7
Reckitt and Colman	408	− 12
Spirax-Sarco	208	− 8
Woolworth Hldgs	268	− 9
De Beers Dfd	555	− 12
Elandsrand Gold	840	− 30

CONTENTS

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Presser climbs into the Teamsters' 'electric chair'

BY RICHARD LAMBERT IN NEW YORK

JACKIE PRESSER, at 56, has made it to the big time. After years of campaigning behind the scenes, he was appointed on Thursday morning as president of the International Brotherhood of Teamsters, one of the largest and most powerful trade unions in America and the free world. It is not a job for the faint hearted.

Three out of his four predecessors have been found guilty of federal crimes. Mr Presser only has the job today because Roy Williams resigned the office earlier this month in exchange for being allowed to remain free on bail while appealing a sentence of up to 55 years in prison for attempting to bribe a U.S. senator.

That court case reinforced a picture of the Teamsters' leaders which has been prevalent in the U.S. for 25 years, ever since Robert Kennedy and the McClellan Committee turned the spotlight on the role of corruption and organised crime in the union's affairs. And it came to a gruesome climax shortly after the convictions when Allen Dorfman, one of Mr Williams' co-defendents and a long-standing Teamsters' contact man, was gunned down in a gangland-style killing in Chicago.

Teamsters' officials complain that they are subject to permanent harassment by Congress and the FBI. But they have not all been exactly innocent victims. Numerous local and regional officers of the union have been convicted of various crimes, and the FBI has built up extensive evidence of connections between the union and organised crime.

Jimmy Hoffa, a man who combined personality and strong-arm tactics to build the union to a major national force, disappeared in 1975 and is generally assumed to have been killed by mobsters. And the Teamsters' Central States Pension Fund was exploited on a massive scale to make questionable loans to various gambling interests before it was taken under federal control in the late 1970s.

Teamster ex-boss Roy Wiliams and successor Jackie Presser

Top Teamsters are highly paid—the president's job carries an annual salary of $225,000—and are not over concerned about democracy. Like a number of his colleagues, Mr Presser has enjoyed the advantages both of nepotism—he was appointed a vice president of the union immediately after his father gave up the job—and of holding a series of different union jobs at the same time. This has helped to make him a rich man.

Yet there have been remarkably few complaints from the rank and file over the years—and for one good reason. The union has delivered the goods to its members, in terms of real wage increases over the long term.

Its strength has stemmed from the character of the U.S. trucking industry, which is where the core of the membership lies. There are thousands of trucking companies in the U.S., few of them of any size. Many are undercapitalised, and working too close to the margin to be able to withstand any interruption of their business. One big union, willing to be ruthless when it wants to make a point, can make its industrial power felt.

Or at least that's the way it used to be. In recent years, however, the teamsters have been burdened with three major problems. The deregulation of the U.S. trucking industry has brought thousands of new operators into the business, often too small to be organised or bullied.

Yet there are still over 1½m members of the union, and as one of the few labour groups that supported President Reagan's election campaign, its leader remains a power in the land. Unlike his predecessors, Mr Presser has long wanted to take active steps to improve the teamsters' public image, and he has a reputation as a hard worker and a good administrator.

He can have no illusions about the challenges ahead. Author Steven Brill, in his book "The Teamsters," quotes Mr Presser's views on the presidency, as expressed in 1977. It wasn't a throne, he is reported as saying, "it's an electric chair."

On the one hand, the union president was regarded as fair game by government prosecutors.

"On the other hand," he added, "if you're totally honest and if you try to clean up the union like you say I should, and you try to do it fast enough and without accommodations so the Government won't get you, the other guys—the hoods—will get you. Just like they got Hoffa when he threatened them. So that's a death chair either way."

Shamir tries to dampen talk of war with Syria

By Our Tel Aviv Correspondent

MR YITZHAK SHAMIR, the Israeli Foreign Minister tried yesterday to quash speculation of war with Syria, saying the reports of tension between the two countries were totally unfounded. "We have no interest in fighting the Syrians, and Syria's allies (the Soviet Union) know this," he told the Tel Aviv Economic Club.

His speech followed charges from Damascus that Israel was holding exercises on the Golan Heights in preparation for attack. There have also been gloomy assessments in the Israeli press that the situation in Lebanon might boil up into armed conflict with Syria in the summer.

While Mr Shamir was trying to calm the war talk, Gen Rafael Eitan, a former head of the army, was stating reasons why he thought Damascus might resume hostilities. These included the possibility of fierce Syrian opposition to a Lebanese-Israeli agreement.

Israeli officials said yesterday there had been a sudden hardening in the Lebanese position at the negotiations on an Israeli military withdrawal from Lebanon.

With Israeli casualties mounting, Mr Menahem Begin's government is now being urged by some of its supporters to withdraw Israeli forces from front-line positions to the Awali river, near the southern Lebanese city of Sidon.

Reuter adds from Tunis: A meeting of the Palestinian Liberation Organisation (PLO) leaders, which ended yesterday left open the possibility of new talks with Jordan, Palestinian sources said.

Our Foreign Staff adds: Mr Douglas Hurd, a British Foreign Office Minister, met Mr Farouk Khadoumi, head of the political department of the PLO, in Tunis. This was the first bilateral meeting between a British Minister and the PLO.

However, Mr Francis Pym, the Foreign Secretary, said in Parliament that there had been no change in British policy that Cabinet ministers will not meet PLO representatives until they accept certain conditions, including renunciation of volence and recognition of Israel's right to exist. Mr Hurd is not in Cabinet.

Chernenko's absence suggests Andropov has firm grip on party

BY ANTHONY ROBINSON, MOSCOW CORRESPONDENT IN LONDON

MR KONSTANTIN CHERNENKO, a Soviet politburo member, failed to appear at Kremlin ceremonies to mark the 113th anniversary of Lenin's birth yesterday and so deepened speculation that he has lost a six-month power struggle with Mr Yuri Andropov, the leader of the Soviet Communist Party.

A year ago, the keynote speech on this symbolic occasion was given by Mr Andropov, a move which marked his emergence as front-runner to succeed President Brezhnev. The speech yesterday was given by Mr Mikhail Gorbachev, at 52, the youngest member of the politburo who, as the member in charge of agriculture, gave this week a major speech on agricultural policy, which was also missed by Mr Chernenko.

The first indication that Mr Chernenko was either ill or in political decline came two weeks ago when he failed to turn up in East Berlin, where he was to deliver a speech to mark the centenary of the death of Karl Marx. He was displaced at the last moment by Mr Grigory Romanov, the party chief in Leningrad, and his absence was explained as "ill health."

Mr Chernenko, who had been appearing frequently in public, however, seemed to be enjoying his usual robust health.

Mr Chernenko was widely recognised to have been the late Mr Brezhnev's heir-apparent. He was largely excluded from the ceremonies and meetings which followed Mr Brezhnev's funeral last November, but Mr Andropov's early attempts to establish a clear political ascendency soon ran into opposition from the multitude of Brezhnev appointees throughout the Soviet system, who feared for their power and privileges.

Mr Chernenko was clearly seen as the main protector of the interests of this large and powerful group. His strength can be assessed by the failure of Mr Andropov to become head of state shortly after his emergence as party leader.

Mr Andropov, however, enjoys the support of the KGB, the foreign policy establishment and of Marshal Dmitri Ustinov, the Defence Minister. This faction now appears to have won.

If this were to be confirmed by formal removal of Mr Chernenko from the politburo, the way would be open for Mr Andropov to promote the better-educated technocrats and political hopefuls who will constitute the next generation of Soviet leaders.

Diplomats expelled

The expulsion of two Soviet diplomats from the U.S. and the voluntary departure of a third this week was not in retaliation for the recent ejection of an American diplomat from Moscow, Administration officials said yesterday, writes Our Washington Staff.

The Federal Bureau of Investigation said the three men were caught red-handed attempting to gather classified material.

In Canberra, the Australian Government said it was expelling a Soviet diplomat for spying.

Soyuz fails to link up to spacelab

By David Fishlock, Science Editor

THE SOVIET Union recovered its cosmonauts, but not its self-esteem, following the failure of its latest space-docking mission.

The mission—the first of its kind for four months—was timed to coincide with Russian celebrations of the 113th anniversary of the birth of Lenin.

According to the Russian newsagency Tass, the descent of the Soyuz T-8 spacecraft was made under manual control by the three astronauts, Lt-Col Vladimir Titov, mission commander, Pilot-Cosmonaut Gennady Strekalov, flight engineer, and Pilot-Cosmonaut Alexander Serebrov, the research engineer on board.

The team had failed to complete a complex triple docking which was to join their spacecraft with the already orbiting Salyut-7 space laboratory, to which the Cosmos 1443 freight module had already been joined in a remote docking manoeuvre last month.

Had it worked, it is believed that the three units would have made up the biggest complex yet assembled in space.

The Cosmos 1443 is believed to carry new equipment for experiments in the Salyut-7 spacelab, which would have been unloaded and put into operation by the crew.

Pilot-Cosmonaut Serebrov, in a pre-launch interview, indicated that the craft was then to be turned into living quarters for the larger-than-usual crew.

The Russians have given no details of the purpose of the mission, much less why it failed. Spacelabs have evident potential for testing such novel military hardware as beam weapons; as a space control centre for unmanned hunter-killer satellites; and as a means of hijacking or inspecting the satellites of other nations.

Reagan 'no nearer EEC trade stance'

BY JOHN WYLES IN BRUSSELS

THE Reagan Administration is not showing any real signs of moving towards key European positions on major international and commercial issues in advance of next month's world economic summit. Moreover, President Reagan is putting heavier stress than many of his officials on the need for stronger action to restrict East-West trade.

This was the impression given here yesterday by M Gaston Thorn, the President of the European Commission, in a report to the Press on his talks this week with Mr Reagon at the White House on Thursday. M Thorn also saw Mr Donald Regan, the U.S. reasury Secretary, and Mr George Shultz, the Secretary of State.

The Commission President had been invited for talks as part of Mr Reagan's preparation for the seven-nation summit at Williamsburg, Virginia, on May 28-29.

M Thorn set out European views on the need for the summit to produce a new convergence of policies and co-ordination of efforts to achieve real economic recovery.

"We appealed to our American friends for more responsibility," he said yesterday after apparently encountering few indications that President Reagan is yet ready to abandon his Administration's prejudice against intervention to smoothe exchange rate fluctuations.

The European are increasingly concerned that an overvalued U.S. dollar and extremely high real U.S. interest rates would abort the infant recovery which may now be appearing in their economies.

But President Reagan stressed that U.S. interest rates had come down and appeared confident that they would continue to do so

Walesa to resume work at shipyard in Gdansk

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH authorities have agreed unexpectedly that Mr Lech Walesa should go back to work at his old job as an electrician at the Lenin Shipyard at Gdansk, the birth-place of the banned Solidarity trades union which he leads.

A phone call from the yard summoned Mr Walesa to the yard yesterday morning, whence he emerged jubilantly, his hands in the air and saying "I will be resuming work on Monday at the post I had before."

Since Mr Walesa recently admitted to having met with the union's underground leadership, he has been subjected to official harassment. But the authorities did not interfere with a news conference at which Mr Walesa called this week for an agreement with the government.

Mr Walesa had tried to go back to the yard this year but, despite being put on the payroll, he was not then given a job. (Poland's shipbuilding industry has a labour shortage of 8,000 people.)

The fact that the authorities are willing to have him back in the yards, especially before May 1 a date for which Solidarity has demonstrations, suggests that they are not greatly worried that he will revolutionise the 15,000 workers there.

He was sacked from the Lenin yard in 1976 but regained his job as one of the conditions of the successful strike in August 1980. He never returned to the shop-floor as he immediately became the head of Solidarity.

U.S. consumer prices up by only 0.1% in March

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

U.S. CONSUMER price inflation maintained its exceptionailly low rate of recent months with an increase of only 0.1 per cent in March, the Labour Department announced yesterday. The increase, compared with an 0.2 per cent fall in February and an 0.2 per cent rise in January, brought the March consumer price to a level 3.6 per cent higher than a year ago.

Department officials said that the annual inflation rate, based on the figures for the first quarter, was now running at only 1.6 per cent, after seasonal adjustment. Last year's increase was 3.9 per cent.

Most private economists expect a stronger upward movement to begin this month, with the introduction of an extra five cents a gallon in excise taxes on petrol and the economic recovery slowly gathering pace. They believe that the final figure for the year could reach around 4.6 per cent, although government forecasts put the figure somewhat lower.

Consumer prices in March were held back by declines in fuel, housing and clothing prices, the Department said, although the fall in energy prices slowed down compared with recent months.

Protection requested for Britons in Argentina

BY OUR FOREIGN STAFF

M JEAN-PIERRE KUSCH, the Swiss ambassador in Argentina, acting on behalf of British diplomatic interests, last night asked the Argentine Government to increase its protection of British subjects in that country, amid growing signs that a big campaign to intimidate them is under way.

The Swiss embassy received on Thursday a telephone call to warn of imminent attacks against British companies — Glaxo and Shell were singled out — and British schools in retaliation for the ban by Whitehall on a planned trip to the Falkland Islands this month by relatives of Argentine war dead.

Mr Jimmy Burns, the Financial Times correspondent in threatened with death if they did not leave the country within 24 hours. The caller claimed to belong to a group called the April 2nd Commando, formed recently to commemorate the first anniversary of the Argentine invasion of the islands.

Mr Burns and Mr Oliver thus joined a list of British journalists who have been threatened in the last week. On Thursday, Mr James Neilson, the editor of the English-language newspaper Buenos Aires Herald, was threatened with "execution" within 48 hours by Triple-A right-wing terrorists.

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IMF set to approve Uruguay credit

By Alan Friedman

THE International Monetary Fund (IMF) was last night expected to approve a $400m two-year credit for Uruguay, to complement the country's $850m debt rescheduling and new loan rescue package.

Representatives of Uruguay's 75 creditor banks held a meeting in New York earlier this week to finalise plans for the rescheduling of about $700m of public sector debt which falls due this year and next. There is also likely to be about $240m of new money in bank loans.

The expected terms of the rescheduling package call for refinancing over six years (with two years' grace before repayments begin) of 90 per cent of the $786m of public sector debt falling due in 1983 and 1984.

This gives an amount of $707m on which an interest margin of 2¼ per cent over the London interbank offered rate (Libor) or 2⅛ per cent over U.S. prime rate will be paid.

A fresh loan of $240m would then be made available over six years at the same margins as the rescheduling.

Opec seeks talks with Moscow

By Richard Johns

ALGERIA has been charged by the Organisation of Petroleum Exporting Countries with the task of trying to obtain the cooperation of the Soviet Union in stabilising the world oil market in defence of its new reference price of $29 per barrel.

On his return from a London meeting of Opec's "monitoring committee" Dr Manu Said al Otaiba, the United Arab Emirates' Minister of Oil, said a dialogue with non-member producers was planned "with a view to rationalising consumption in the world."

While Opec's main attention has focused recently on aligning its price structure with Mexican and North Sea rates—an objective successfully accomplished—the increasing volume of crude sold by the Soviet Union has been a far mor serious factor undermining prices.

Russian exports this year have been running as high as 1.5m barrels a day about two thirds of them on the spot market.

Twice this year the Soviet Union has cut its contract prices, most recently last month. It has been selling crude at about $28 per barrel, compared with the new official selling rate of $29 (f.o.b.) for Arabian Light, the Opec reference and an equivalent crude variety. In practice, it was charging less on the spot market.

This week, however, traders have noted that Neftagazexport, the state oil selling agency, has been reducing exports and selling at a price, on a c.i.f. basis, of about $29 per barrel.

One intriguing aspect of Opec's move is the fact that its long-term strategy committee, effectively defunct for the past two years, has been asked to make the contacts with the Soviet Union.

BASE LENDING RATES

A.B.N. Bank	10 %
Al Baraka International	10 %
Allied Irish Bank	10 %
Amro Bank	10 %
Henry Ansbacher	10 %
Arbuthnot Latham	10 %
Armco Trust Ltd.	10 %
Associates Cap. Corp.	10 %
Banco de Bilbao	10 %
Bank Hapoalim BM	10 %
BCCI	10 %
Bank of Ireland	10 %
Bank Leumi (UK) plc	10 %
Bank of Cyprus	10 %
Bank Street Sec. Ltd.	10½%
Banque Belge Ltd.	10 %
Banque du Rhone	11 %
Barclays Bank	10 %
Beneficial Trust Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10½%
Canada Perm't Trust	11 %
Castle Court Trust Ltd.	10½%
Cayzer Ltd.	10 %
Cedar Holdings	10 %
■ Charterhouse Japhet	10 %
Choulartons	11 %
Citibank Savings	¶10 %
Clydesdale Bank	10 %
C. E. Coates	10½%
Comm. Bk. of N. East	10 %
Consolidated Credits	10½%
Co-operative Bank	*10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
E. T. Trust	11 %
Exeter Trust Ltd.	11 %
First Nat. Fin. Corp.	13 %
First Nat. Secs. Ltd.	13 %
Robert Fraser	10½%
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
Heritable & Gen. Trust	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Hongkong & Shanghai	10 %
Kingsnorth Trust Ltd.	12 %
Knowsley & Co. Ltd.	10½%
Lloyds Bank	10 %
Mallinhall Limited	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich Gen. Tst.	10 %
P. S. Refson & Co.	10 %
Roxburghe Guarantee	10½%
Royal Trust Co. Canada	10 %
Slavenburg's Bank	10 %
Standard Chartered	‖10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
TCB	10 %
United Bank of Kuwait	10 %
Volkskas Intl. Ltd.	10 %
Westpac Banking Corp.	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Wintrust Secs. Ltd.	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.75%. 1-month 7.00%. Short-term £8,000/12-months 9.35%.
† 7-day deposits on sums of: under £10,000 6¾%, £10,000 up to £50,000 7¼%, £50,000 and over 8½%.
‡ Call deposits £1,000 and over 6¾%.
‖ 21-day deposits over £1,000 7¼%.
§ Demand deposits 6¾%.
¶ Mortgage base rate.

BL blamed over 'high' car prices

BY PAUL CHEESERIGHT IN BRUSSELS

BRITISH consumers pay more for their cars than their counterparts in other EEC countries partly because of high production costs and limited competitiveness at BL, the European Commission has concluded.

That conclusion comes in an analysis of the price differences for cars in the member states of the EEC, contained in the annual report on EEC competition policy.

The commission yesterday published a table showing that in 1982, car prices in the UK, before tax is added, were twice as high as in Denmark. The price difference between the UK and Belgium was between 9 per cent and 14 per cent in 1976, but it had widened to over 40 per cent by last year.

Belgium was picked out by the commission because it is a source of British parallel imports from the EEC — that is cars purchased by individuals, bypassing the normal distribution network.

The commission points out that national manufacturers in the UK, as in other countries, act as the price leader on the market. One reason for higher pre-tax prices in the UK—and here was the reference to British Leyland—was that, "at least one UK manufacturer has relatively high production costs and limited competitiveness."

This handicap was increased by the appreciation of sterling, says the commission. Also, UK manufacturers' prices, when calculated in European Currency Units, have risen faster than continental manufacturers prices.

Fourth, and this would obviously be more relevant to imported cars, what the commission calls "price inertia" probably meant that prices in pounds only partly reflected international price changes caused by currency fluctuations.

But the outlook is brightening for the British consumer, in the commission's view. Prices in absolute terms are beginning to fall, partly because of parallel imports and sterling's fall, the drop in inflation and interest rates and the improved competitiveness of UK manufacturers.

The commission's analysis provides the background for an attempt to regulate selective distribution by car manufacturers. A draft will be published next month, or in June, and it is expected to contain a clause to keep car prices from varying by more than 12 per cent between one country and another.

INDICES OF CAR PRICES IN EEC BEFORE TAX
(UK = 100 in each year)

Year		UK	W. Ger.	Fr.	It.	Neth.	Bel.	Lux.	Irl.	Dnmrk.
1975	a	100	97.2	102.3	100.7	91.1	86.4	87.3	93.4	85.9
	b	100	101.6	102.6	108.9	97.7	94.3	96.5	95.7	89.2
	c	100	94.5	99.0	100.6	91.5	89.9	90.2	90.2	84.3
	d	100	97.8	101.3	103.4	93.4	90.2	91.3	93.1	86.4
1980	a	100	81.0	79.0	85.0	69.0	65.0	72.0	75.0	58.0
	b	100	83.0	81.0	92.0	78.0	75.0	79.0	84.0	66.0
	c	100	78.0	81.0	84.0	77.0	72.0	70.0	87.0	70.0
	d	100	80.7	80.3	87.0	74.7	70.7	73.7	82.0	64.7
1981	a	100	68.3	69.7	—	65.0	63.7	64.5	87.5	50.0
	b	100	72.1	76.3	—	68.0	67.8	66.9	80.7	54.3
	c	100	75.6	69.1	—	63.7	64.2	62.2	81.6	55.7
	d	100	72.0	71.7	—	65.6	65.2	64.5	83.3	53.3
1982	a	100	71.5	70.0	72.0	68.5	60.0	58.0	93.0	48.0
	b	100	78.4	74.4	78.2	73.9	58.2	65.7	90.0	57.1
	c	100	75.3	72.9	81.3	73.3	65.9	64.6	97.0	59.9
	d	100	75.1	72.4	77.2	71.9	61.4	62.8	93.3	55.0

a = engine capacity under 1000 cc. b = 1000-1500 cc. c = 1500 cc plus. d = average.

Source: EEC

Vaughan U-turn in Citizens Advice row

BY IVOR OWEN

A CHASTENED Dr Gerard Vaughan, the Consumer Affairs Minister, heaped praise on the Citizens Advice Bureaux in the Commons yesterday and gave a broad hint that their national association may receive a bigger grant in the current financial year than the £6.04m originally planned.

He repeatedly stressed that there was no question of this amount being cut. If necessary, interim action will be taken should the Government's decision to authorise only £3m for the first six months of 1983-84 cause difficulties for the national association in arranging training or other vital programmes.

Dr Vaughan's retreat from the more critical stance which brought him under attack from both sides of the Commons 10 days ago still failed to satisfy Mr Tom McNally, SDP MP for Stockport, who described the limited finance made available to the national association at the start of the financial year as "a draconian short leash."

He insisted that the House was entitled to know how the national association would be funded when the six months' "deadline" came to an end and accused the minister of flannelling in order to avoid the real issue.

Mr McNally argued that the restricted funds made available to the national association coupled with the minister's earlier innuendos was likely to give rise to the suspicion "there is no smoke without fire."

He urged the minister to remove any suggestion of doubt about financial probity by making an immediate announcement that the full grant for 1983-84 would be paid.

Dr Vaughan emphasised that his main concern was the allocation and general use made of the grant provided by the Government.

Dr Vaughan urged local authorities to continue providing financial support for the citizens advice bureaux in their areas. If they failed to do so it would be "highly regrettable."

Dr Vaughan, MP for Reading South, reaffirmed that his action had been in no way influenced by the activities of Mrs Joan Ruddock, chairman of the Campaign for Nuclear Disarmament, who works part time for the Reading Citizens Advice Bureau and who listened to the debate from the public gallery.

The minister underlined that there were no grounds for suggesting that Mrs Ruddock's work for the Citizens Advice Bureau was open to criticism.

Jail sentence for insurance swindle

AN INSURANCE agent swindled a Californian businessman out of more than \$1.5m (£972,000) by claiming he was a Lloyd's broker and was providing reinsurance cover for aircraft, motor vehicles and personal liability, the Old Bailey heard yesterday.

Mr Derek Morrell, 33, of Elms Farm Road, Hornchurch, pleaded guilty to 16 charges of forgery and fraud and was sentenced to 30 months imprisonment.

Mr Justice David Tudor Price told Mr Morrell, who ran Brokmaze of Scotland Road, Buckhurst Hill, Essex, that he had reduced the sentence substantially because of Mr Morrell's frank confession.

"You were not a Lloyd's broker, but you were pretending you had access to the Lloyd's market. You did great damage to that long-established and reputable company and very substantial damage to the business community." The judge said Mr Morrell had lied and deceived a friend who trusted him. Mr Alan Gallaway, a Sacramento businessman, lost \$653,000 as a result.

Miss Ann Goddard, QC, prosecuting, said Mr Gallaway, a surplus lines broker, was unwittingly writing insurance in California on the strength of bogus documents which Mr Morrell supplied.

Mr Gallaway paid more than \$1.5m in premiums. It came as "a total shock" when Mr Morrell confessed to him the whole business was "a sham, based on forgery and deception."

Mr Morrell had accepted the premiums without arranging any of the Lloyd's re-insurance cover Mr Gallaway's clients had paid for.

Mr Alan Suckling, QC, defending, said Morrell's offences began in 1977 and ended in 1980 when he went to the Fraud Squad and admitted everything. He was not charged until last May and had the matter "hanging over his head" for a long time.

Mr Morrell did not make vast profits because the cash had been swallowed up by bad business deals.

Cape develops substitute for asbestos cement

BY CARLA RAPOPORT

CAPE INDUSTRIES yesterday announced a non-asbestos roofing material as part of the search for a cost-effective replacement for asbestos cement.

The product, Uni-cem, was unveiled only days after Pilkington, one of the world's largest glass manufacturers, announced a breakthrough in the use of its glass fibre product, Cemfil II, in the manufacture of reinforced cement.

The inhalation of asbestos fibre during the manufacture of asbestos cement has been linked to lung disease and cancer among former workers. These employees have mounted millions of pounds worth of claims against asbestos cement companies around the world, including Turner & Newall and Cape Industries in the U.K.

Uni-cem is a combination of specially - treated cellulose, cement and fillers which Cape says is comparable in price to asbestos cement and similar in strength. The product can be used in roofing and cladding in either corrugated or flat sheets.

Mr David Llewellyn, a director at Cape, the building and insulation group based in London, said yesterday that Uni-cem can be produced on existing asbestos cement machinery, like Pilkington's glass fibre reinforced cement. Pilkington is talking to several major European asbestos cement companies.

Cape says the future of one of its subsidiaries, Cape Universal Claddings, depends on the success of Uni-cem. "There is no doubt at all that there is a lot of resistance to using asbestos cement. We generally don't think it is harmful. But that doesn't matter if the market doesn't want it."

Cape Universal accounts for about 10 per cent of the group's turnover, while asbestos products account for about 20 per cent of the total.

Turner and Newall, the UK's largest asbestos products producer, has been making a reinforced cement based on a polyvinyl alcohol fibre, licensed from a Japanese company. This product is more expensive than asbestos cement. Hoechst, the West German chemicals group, has also come up with an asbestos substitute for reinforced cement.

Coated Electrodes seeks buyout from BSC

Financial Times Reporter

THE MANAGEMENT of the profitable British Steel Corporation coated electrodes businesses is trying to arrange a buyout from the corporation. The businesses became a separate company, Coated Electrodes, last year with a view to eventual sale.

They provide a service for coating and prolonging the life of graphite electrodes used in electric-arc steelmaking furnaces. The company has two plants, at Sheffield and at Vikmanshyttan, Sweden, and 60 employees in the UK.

It operates a coating process under licence from FTE Technica of Bulgaria and provides a sub-licence to Stanton Pipes, a wholly-owned Canadian subsidiary of BSC.

The net asset value of Coated Electrodes is said to be about £2m. The proposed sale is in line with BSC's policy of withdrawing from non-mainstream steelmaking activities.

In recent months the corporation has disposed of Victaulic, a plastic pipe-maker, through a management buyout, closed Round Oak Steel Works and London Works in the Midlands, sold part of its chemicals businesses and closed the rest.

Contractors' leader seeks real roads boost from private finan

BY ANDREW TAYLOR

PLANS to raise private finance for road building must provide a real boost to construction programmes, a civil engineering leader said last night.

Mr Sandy Shand, president of the Federation of Civil Engineering Contractors, said the industry was unlikely to support the plan if private finance was to be used merely to reduce annual spending.

"There is no point in this whole exercise unless any roads financed in this way are additional to the normal yearly road programme," he told a meeting of civil engineering contractors in Yorkshire.

He also warned against attempts to "tamper" with the industry's standard form of road contract, which allows contractors great flexibility to recover unforeseen increases in buildings during construction.

The Department of Transport, however, has become concerned that existing contract arrangements do not allow a sufficiently accurate estimate of final construction costs. The failure to provide adequate cost guides could increase the difficulty of raising private finance.

A report presented this week to the joint working party established by the Government, to investigate possibilities for private financing of roads, suggested that changes may have to be made to the standard contract terms where these might affect the raising of private sector money.

The suggestions, contained in a report by Charterhouse Japhet, the merchant bank, are understood to have been included at the insistence of the Transport Department.

Mr Shand said last night: "There must be no question of tampering with the Institution of Civil Engineers' conditions of contract as agreed between the federation and the department, as being appropriate for use in the road programme

Civil engineers say they have no control over the design and choice of road routes and, therefore, need protection against rising costs caused by decisions taken during the design phase.

Mr Shand made it clear that the industry was unlikely to support new arrangements unless these produced extra cash for road building. He did not expect the Government to "dream up" new road schemes, but money raised from the private sector should enable authorities to bring forward the construction of roads already planned.

The Government is keen that contractors should be permitted to seek private finance as an alternative to public spending on roads. One or two mental schemes may go later this year, dependi the outcome of consul between the Transport ment and Federation of Engineering Contractors.

Contractors would be by the Exchequer thro royalty system for work experimental schemes. ments would be made o agreed number of year would depend on the volu traffic actually using the

One obstacle in the wa scheme might be the ment's determination provide performance guar against the possibility traffic flows will not projections.

Contractors in France Spain (including, it is stood, John Laing) have able to call on state guar when revenues have fail live up to original estimat

● Work will start soon o final section of the M Surrey. Mr David Howell, port Secretary, said yeste Bovis/Bisse Joint Ventur been awarded the £14.6 contract for the stretch be Leatherhead and Reigate

Mr Howell yesterday o an 11-mile stretch of the London Orbital Road, Theydon, Essex, to Co Hall, London, bringing a of 62 miles into use.

ꞁittle new investment attracted to enterprise zones

ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

..SECOND REPORT on prise zones, to be pub- i next week, is likely to the Government consider- disappointment.

main finding is that, while 1 original zones have acted : good catalyst between authorities and private stry also generating con- able activity, they have yet attracted much new stment. Nor have they ed many new jobs.

irthermore most of the acti- has been locally-based and zones do not appear to have magnets for capital from ide the immediate localities.

The report, prepared by Roger Tym and Partners, has now been pigeon-holed in the Environment Department for almost six months—some indi- action of the concern with its findings of Mr Tom King, Secretary of State for the Environment.

The first report from the consultants, covering the first year's operations of the zones, was published last May. The present report, covering the two years to May 1982, is therefore considerably out of date.

"If you could get a more up-to-date assessment," Mr Fred McClenanghan, director of industry at Corby, the first English zone, said yesterday: "It would show a much better picture."

Much of the second report—a third is expected next year—has been based on the experience of Swansea, the first zone to get under way and one monitored in detail by the local council.

A report to be published by the council next month will show that 1,384 jobs which did not exist on March 26, 1980, when the Chancellor of the Exchequer announced the setting up of enterprise zones have been created.

However, no other zone has come near these figures, although Corby has done very well and Wakefield also has had some success.

Local government circles feel the Government is worried because the consultants' report does not substantiate its original high hopes.

By designating areas where there was no development land tax, a 10-year rates holiday, 100 per cent allowances on new buildings and a minimum of bureaucracy, the Government hoped to show that industry would rise to the occasion.

The main criticism from the property world, is that the zones merely re-distribute industry by attracting to them companies which were already operating within a short distance. They also distort property values.

"The Government has certainly been slow in coming to terms with the report," one local government official said yesterday.

"We saw the final version last autumn and it must have been on the minister's desk since November."

Given the nature of the findings in the report it is puzzling that the Government decided to go ahead with a further tranche of zones.

ꞁazard eyes ꞁachine tool ꞁdustry

y Ian Rodger

ZARD BROTHERS, the mer- nt bank which has arranged onalisation schemes in the l foundry industry, proposes try similar plans for the d-pressed machine tool ustry.

n a letter to 80 companies the UK machine tool indus- Mr Peter Grant, Lazard outy chairman, said the bank uld be prepared to work on h schemes provided at st half the industry were erested.

Mr Duncan Clegg of Lazard d yesterday the bank was are the machine tool industry s different fro mthe steel undry industry, with a greater riety of products being made.

He expected some sectors ight be suitable for schemes nere those companies that mained in business ocmpen- te those that close, while hers might best sort out their oblems through mergers or changes of product lines.

"The important thing is that is clear to us the industry ould like a scheme," hesaid.

There are many U.S.-owned ompanies in the British achine tool industry but Mr legg said preliminary dis- ussions with some indicated ey, too, were interested.

The UK machine tool industry has suffered a drop in usiness in recent years. This s partly because of a decline n UK engineering industries nd partly because of sharply ncreased competition from uilders of sophisticated tools n Japan and standard tools in ewly-industrialised countries uch as Taiwan.

The Industry Department's sales volume index for the industry stood at 43 only in January, compared with a 1975 base of 100.

● Orders for machine tools rose 22.5 per cent in the three months to January, compared with the previous three months to January, compared with the previous three months, according to Industry Department statistics. This indicator, however, is subject to frequent volatile movement.

Activity in the machine tool sector remains low. Orders on hand at the end of January were 12.5 per cent down on the previous three months and the relevant index stood at 23 compared with a 1975 base of 100.

Aircraft makers battle for RAF basic trainer deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A MAJOR international competition is developing to supply a new basic training aircraft for the RAF, to replace the ageing British Aerospace Jet Provost, which has been in service since the 1960s.

The RAF is about to issue an "Air Staff Target" (AST), setting out its requirements in detail. It will probably need 100-150 aircraft, costing about £150m, including spares, and entering service in the late 1980s.

The aircraft will remain in service for upwards of 20 years, during which time the winning manufacturer can expect many millions of pounds of additional business in spares and other support facilities.

Such big orders are comparatively rare in the world aerospace industry. As a result, there is intense interest in the RAF's plans and competition is fierce.

The RAF is studying not only jet trainers, but also turbo-prop powered aircraft which are cheaper to buy and fly, although their performance in terms of speed cannot match that of the jets.

This has substantially widened the field of would-be suppliers. In the UK, British Aerospace is bidding strongly with its P-164 design, using a U.S. Pratt and Whitney jet engine. Another UK company, NDN Aircraft, is offering its new NDN-1T Turbo-Firecracker.

From the U.S., Fairchild Industries is offering its T-46A jet-powered "next generation trainer," already selected by the U.S. Air Force as its new trainer aircraft, with a production run of several hundred aircraft in prospect.

Among the turbo-propeller contenders Beech, also of the U.S., is offering its T-34C: Embraer of Brazil is offering its EMB-312 Tucano; Pilatus of Switzerland the PC-7; Siai-Marchetti of Italy the SF-260-TP, and Rhein-Flugzeugbau of West Germany (part of the Messerschmitt group) the RFB Fantrainer.

The RAF has been studying all these types in recent weeks. It is expected to distil from them the basic details of its own requirement, what will be embodied in the formal AST document to be circulated to all interested parties.

Primarily, the RAF wants a tandem, two-seat aircraft (although side-by-side seating is not ruled out), with low operating costs and good manoeuvrability. The aircraft would fit into the RAF's training schedule between the Bulldog piston-engined primary trainer and the Hawk advanced jet trainer.

Whichever aircraft is ultimately selected can expect not only a substantial RAF order, but also substantial export orders from other air forces which frequently look to the RAF for guidance on training syllabuses and the aircraft to match them.

A final decision is not likely much before the end of this year or early next.

Foot pledge on full employment

By Philip Bassett, Labour Correspondent

LABOUR FACES the greatest task in its history in winning the General Election and then implementing its economic programme, Mr Michael Foot, the party leader, said yesterday.

Addressing the Scottish TUC in Rothesay, Mr Foot made no attempt to minimise the scale of the problem which would face a new Labour Government.

"Right from the very first day when we get that new Labour Government, we will set out to put this country back on the road to full employment," he said.

"It will take us some years to get there. But we are determined to re-establish full employment as an essential strand in a civilised society."

Immediate action would also be taken to halt the flow of money from the country, and on the international front by a British initiative towards unilateral nuclear disarmament.

Despite these pledges, and the fact that he was introduced as "the next Prime Minister of the UK," delegates seemed unconvinced, and after his speech left and right were critical of his address.

Many compared it unfavourably to a speech given to the congress earlier in the week by Mr Jim Mortimer, the party's general secretary, which lucidly laid out Labour's election strategy.

Mr Foot emphasised the arms issue and barely touched upon the newly-agreed Labour-TUC National Economic Assessment.

Delegates were aware that in a speech this week in Eastbourne before the predominantly right-wing Engineering Workers' Union, Mr Foot had said starkly that the new pact meant "co-operation on pay" with a future Labour Government.

Before the left-wing STUC, however, where national union leaders had fought hard to see the assessment approved rather than leave Congress to pass a resolution expressing outright opposition to an incomes policy, he barely touched on the issue.

His only reference to it came when he said: "Those people who were lucky enough to have held jobs under a Conservative government will have to assist us because that is what socialism means."

He was critical of claims that an economic recovery was underway, and of the fact that "the Prime Minister fiddles with election dates while Britain's economy continues to collapse."

Mr Foot said the reason the Tories were considering an early general election was that they realised the policies they were considering, such as the leaked Think Tank report last year on cutting social services, would be electorally unpopular and so would have to wait until after an election.

Engineering union to seek 35-hour week

BY DAVID GOODHART, LABOUR STAFF

THE ENGINEERING union annual conference yesterday decided to press ahead with the claim for a 35-hour week despite an appeal from Mr Terry Duffy, union president, not to tie negotiators down to a specific target.

But the Amalgamated Union of Engineering Workers, which dominates the union side in negotiations with the Engineering Employers Federation, rejected left-wing moves to press for a £20 a week "new money" claim for all engineering workers.

Instead delegates backed the traditional claim for a "substantial increase" in the national minimum time rate. In the two tier, local and national, bargaining in the engineering industry only a few workers in smaller companies do not earn above the minimum time rate (MTR).

On pay, the national committee called for a common implementation date of November 1, 1983 and insisted that the committee must be recalled to consider the outcome of negotiations. Implementation of the MTR rise is at present linked to individual companies' anniversary dates. Recall of the national committee will make little difference to negotiations as itsc comfortable right-wing majority is sure to back the recommendation of the right-wing executive.

It is clear that hours reduction will be the major issue in this year's negotiations. The AUEW won the 39-hour week in 1979, after industrial action, but then agreed not to discuss hours and conditions again at national level until 1983.

Mr Duffy said: "We can never solidify our forces behind the national pay issue but there will be a struggle on hours reduction—it's the best weapon we have got to fight the employer."

Mr Duffy said that he had not signed any national agreement over the past year unless it has included hours reduction. He also claimed that several companies were now pulling out of the EEF because they did not want to get involved in a struggle over the working week.

The EEF last night denied that there had been a spate of resignations over the issue.

Several delegates emphasised that while job fears had undermined wages militancy they still expected backing over reduction of hours.

A left-wing move backing industrial action to obtain the 35-hour week was defeated but it was agreed that any hours reduction agreement should not include a clause relating to the maintenance or improvement of productivity.

The claim on hours will be pressed in all negotiations and the first major test, before talks with the EEF begin in September, will be at Ford.

Other aspects of the claim, that will still have to be ratified by the Confederation of Shipbuilding and Engineering Unions, includes: six weeks holiday; retirement at 60 for men and 55 for women; and a reduction in overtime.

Harmonisation of conditions between blue- and white-collar staff will also be a priority in negotiations. Mr Duffy criticised the staff unions for dragging their feet over harmonisation but they have now agreed to join the AUEW in harmonisation talks with the EEF on the basis of a common "convergence on the 35-hour week.

Mr Duffy underlined the staff unions were not being asked to stand still on pay "but on conditions they must either stand still or get considerably less than those below," he said.

People's March set to go

By John Lloyd, Labour Editor

THE SECOND People's March for Jobs leaves Glasgow for London today — with its organisers' hoping that it may walk into a General Election.

Its main purpose is to focus national attention on rising unemployment, and the need for policies geared to create more jobs. If a June election is called, it could be a powerful focus for anti-Government feeling on an issue on which it is vunerable.

The march, which narrowly escaped an early demise when opposed by seeveral senior union leaders and by Mr Michael Foot, the Labour leader, will now be seen off from Queen's Park, Glasgow, by a number of senior union leaders and Mr Foot.

The opposition was based on fears that Labour would become to be identified with street protests, that its policies would be ignored. However, these differ- largely put aside and the organisation of the march looks impressive.

The main march will go from Glasgow to reach London on June 5. It will be joined by nine feeder marches, starting from Land's End, Deeside, Liverpool, Newcastle, Keighley, Rotherham, Chesterfield, Hull and Great Yarmouth.

The first People's March, in 1981, was outside of TUC control but managed to secure a large following by the time it entered London.

The present march has had its share of political problems. The march organisers have been keen to broaden its appeal as much as possible, and to attract support from right across the political spectrum.

They have often found, however, that the most enthusiastic of the march's supporters have been deeply suspicious of members of other than left-wing parties showing support, and they fear the expected success may be marred by some sectarian feeling.

ICI's Hyde workforce accepts cuts in pay

BY NICK GARNETT, NORTHERN CORRESPONDENT

THE WORKFORCE at Imperial Chemical Industries Hyde plant, Manchester, has accepted wage cuts of between 5 and 20 per cent on basic rates as part of the deal to merge ICI's PVC processing subsidiary with a similar subsidiary company of Marley, the Kent-based building group.

Negotiations for the merger of ICI Hyde Products with Wallington Weston, the Somerset subsidiary of Marley, have been completed to form a new company, Weston Hyde Products which will start trading next month.

ICI told the 1,250 workers at Hyde that they would have to take a pay cut — initially judged to range between 8 and 21 per cent overall — as part of the merger. Pay rates at Wallington Weston had been traditionally lower than those at Hyde.

The workforce was told that this was in effect a condition of the merger which if it did not take place would almost certainly result in the closure of the Hyde plant.

The new company said the Hyde site which will be the headquarters of Weston Hyde will be employing about 1,100 of the original workforce. Some have taken voluntary retirement but all but a few per cent of the workforce had agreed the pay cuts.

All but 20 of the salaried staff have accepted the wage cuts but these people would be redeployed within ICI where possible.

The new company, whose formation is one element of a chain of rationalisation in Britain's PVC sector, is expected to have an initial yearly sales turnover of £60m.

Clothing workers to lose jobs

By Our Labour Staff

REDUNDANCY notices have been given to 185 women workers at a clothing factory who refused to accept pay cuts of up to 20 per cent.

The management at the Bentwood Brothers factory at Leighton Buzzard, Bedfordshire, have now said that the factory will close on May 31 unless a buyer can be found.

Mr Peter Bentwood, chairman of the Lancashire-based Sterling Group, which owns the factory, had warned the staff two months ago that it would close unless the workers accepted the cuts in their pay of £120 a week.

The company had said that it was paying 20 per cent more than other employers in the area and that the money saved would be used towards a £100,000 reinvestment programme for new equipment.

Mr Bentwood said: "The union has misled the staff over the wage rates and made them think we were bluffing. The plant will now close on May 31 unless a buyer can be found."

Talks over cutting the pay of the workers have been going on for nearly three years.

An official of the National Union of Garment Workers, which has been involved in the negotiations said: "The company have played a pantomime. They intended to close it all along."

FT journalists receive press honours

Financial Times Reporter

FIVE Financial Times journalists received awards or commendations at the presentation yesterday at the Savoy Hotel, London, of the British Press Awards for 1982.

Mr John Moore, the Financial Times City Correspondent, was presented with the award for Specialist Writer of the Year by Mr Patrick Neil, chairman of the Council for Securities Industry and chairman of the Press Council.

Two other Financial Times journalists, Mr Duncan Campbell-Smith and Mr Jonathan Carr, were commended for their writing on international matters. Mr Robert Fisk of The Times received the award for International Reporter of the Year.

Mr Nigel Andrews and Mr Chris Dunkley of the Financial Times were also commended in the Critic of the year section.

TV-am to extend its broadcasting hours

BY RAYMOND SNODDY

THE Independent Broadcasting Authority (IBA) confirmed yesterday that it has agreed to TV-am extending its broadcasting hours by 15 minutes a day from 9.15 am to 9.30 am.

The agreeement, after consultation with the ITV companies, is designed to increase the commercial breakfast channel's advertising revenue potential.

The extra 15 minutes a day will give Mr Greg Dyke, who takes over as editor-in-chief at the beginning of May, more flexibility in redesigning the programme content.

The IBA is deferring monthly rental payments on a month by month basis while the financial difficulties caused by low audience ratings and the Equity/Institute of Practitioners in Advertising dispute continues. The annual IBA rental is £750,000.

The authority said it was keeping a particularly close watch on programme content while changes of management and programming are carried out.

The TV-am branch of the National Union of Journalists met last night to discuss fears of job cuts and cancellation of a planned 9 per cent pay rise for this year.

Though TV-am management would not comment last night it is believed there is still a possibility that compulsory redundancies can be avoided if staff give up the right to a pay rise and accept more flexible shift patterns.

Mr Jonathan Aitken, the former stand-in chief executive, said earlier this month that redundancies could not be ruled out.

TV-am is believed to be losing in the region of £500,000 a month and weekday viewing figures have been stuck for several weeks on 400,000 compared with BBC breakfast figures of 1.3m.

Plea for TV licence aid

BY RAYMOND SNODDY

MR GEORGE HOWARD, chairman of the BBC, yesterday appealed to the Government again to consider paying television licence fees for the deprived.

Mr Howard, whose chairmanship comes to an end in July, argued that licence fees for the elderly, poor and single parent families could be paid through social security.

He said he would like to raise the issue directly with the Department of Health and Social Security, and would be making representations to Mr William Whitelaw, the Home Secretary.

Last month Mr Whitelaw extended by 43,000 people to include the disabled living in special homes the number eligible for a 5p instead of £46 licence.

Acording to the Home Office, about 500,000 people living in old folks homes or specially adapted homes are covered by the nominal licence fee, but the Government is opposed to social security benefits in kind rather than cash.

Troops train for fire duty

BY BRIAN GROOM, LABOUR STAFF

TROOPS are being trained to use Green Goddess Civil Defence fire engines in readiness for the one-day lightning strikes threatened by firemen, the first of which could take place next week.

The Home Office keeps 1,000 of the standby appliances stored around the country. Many of these have already been handed over to the Army.

The Green Goddesses were used during the all-out firemen's strike in 1977-78. They are old vehicles but have since been modernised to some extent. Extra equipment has been added, and more of them will have radios.

More than 300 delegates from the Fire Brigades' Union meet in London on Tuesday to decide whether to go ahead with the series of strikes, without warning or emergency cover, over the Government's decision to increase their pension contributions by 4 percentage points in two stages.

Voting so far in mandating meetings around the country suggests that the strike recommendation will be supported, but this is not yet a foregone conclusion because the remaining meetings could swing it the other way.

An element of doubt has been introduced by the Government's decision to introduce the rise in pension contributions from 6.75 per cent of pay to 10.75 per cent in two stages—2 per cent from May 1 and 2 per cent from November 1.

Although the overall rise would cut £6 a week from an average fireman's gross pay, the reduction in take-home pay would be only £4 because pension contributions are not taxable. The immediate, first-stage effect would, therefore, be only a £2 cut.

The Government says that the cost of the scheme has grown and that firemen's contribution to it has fallen from 28.6 per cent in 1972 to 17.8 per cent now.

Docks crisis talks adjourned

A MEETING of the Port of London Authority's board called yesterday to discuss the financial crisis facing Tilbury, where dockers have been on strike for five weeks, has been adjourned until Tuesday.

The board has no plans for talks with the union.

Simpler interest at Giro bank

NATIONAL GIRO Bank will from Monday be paying a simplified single rate of 7.75 per cent on daily balances on deposit accounts.

Customers with deposit accounts have been paid a basic rate of 6.75 per cent on the daily balance plus a bonus of 1 per cent a year on the minimum balance during a six-month period.

White Paper on cable TV soon

By Jason Crisp

THE LONG-AWAITED government White Paper on cable television is expected to be published by the Home Office on Thursday.

The White Paper will lay down the crucial conditions which will apply to companies wanting to provide cable television.

Pro-active investment 'reaches critical early stage'

BY MARK MEREDITH AND TIM DICKSON

FINANCIAL TIMES
VENTURE CAPITAL
CONFERENCE

THE VENTURE capital industry in Britain had reached a critical stage in its early development and the next few months should see further growth, Dr Norman Fast, managing director of Venture Economics, said yesterday.

He was speaking on the second day of a conference on venture capital, in Edinburgh, sponsored by The Financial Times, the Scottish Development Agency and Venture Economics of Massachusetts.

Dr Fast, whose organisation provides information on the venture capital industry, said there were two approaches to investments in Britain—the traditional approach designed to create income with limited involvement by investment managers and "pro-active" investments.

"Pro-active investments, the venture capital organisations, aimed at long-term capital gain, at big successes from a limited number of investments and at continuous involvement of fund managers with their client-companies.

Britain has eight venture capital organisations including TDC, which is part of ICFC, Prutech and Advent Management.

The Pro-active funds used experienced entrepreneurs or technical experts to follow through investment with client-companies, rather than the traditional aproach which relied on chartered accountants or people with financial backgrounds.

Each staff member of a venture fund would have no more than five investments under his charge and spend a considerable length of time with each.

The growth of the unlisted securities market and the start of similar markets in Sweden and France made liquidation of venture capital investments more straightforward and spurred development.

Dr Fast said threequarters of the funds for venture capital investment in Britain came from institutions such as insurance companies. Only 12 per cent came from private individuals, compared with an estimated 20 per cent in the U.S. Major corporations in Britain were still sleepy as to the need to use venture capital. In the U.S. this sector accounted for 15 per cent of investments.

He listed home-truths for the UK venture capital industry: the UK was limited in the size of the developments, such that the industry would need an international perspective; there was a high level of technical innovation but the investment industry was behind in not developing its interest in this sector; and, middle-managers needed more training in running companies to ensure rapid growth.

The industry's fragile structure was shown in the short-term nature of venture capital relationships and their under-capitalisation. Dr Fast said to much emphasis was paid to early-stage financing while follow-on financing sometimes needed three times the original investment.

The industry's future was good, given this Government's interest and the changing public attitudes. Employees attitudes could change through further offer of stock-options to workers.

Venture capital funds would need to keep a good arm's length from their source of finance, to focus on the big winners as opposed to the small business, he said.

Mr David Cooksey, managing director of Advent Management, emphasised the importance of businesses emerging from university-based research. "There are still tremendous barriers in the UK though, for the university professor who wishes to cross the road into a science park, or whatever it may be.

"There are plenty of innovations and inventors in this country but a question mark still hangs over the supply of entrepreneurial managers. We have got to help entrepreneurs get started but we have also got to build management teams, bringing out good people to provide the second- or third-tier management for a small company."

Mr Bert Twaalfhoven, a Dutch industrialist, entrepreneur and venture-capitalist, said institutional investors generally did not understand risk. "Even businessmen do not often understand how long the risk is."

His talk covered experiences of NV Indivers, the Dutch company of which he is president. He said it was vital for European countries to develop a satisfactory over-the-counter market.

Mr Ross Peters, a director of Murray Technology Investment, believed an investment company such as his own was a well-designed vehicle for investing in unlisted companies. He said the difference between investment companies and investment trusts was that the former had no restriction on the percentage of their assets which might be invested in unlisted securities.

Mr Peters hoped tax relief to be enjoyed under the Business Expansion Scheme would be extended to include shareholders in listed investment companies.

In a talk on where venture capitalists were placing bets now Mr Ronald Cohen, managing director of Alan Patricof Associates, drew attention to the many spin-offs from computer temhnology. There was a fantastic number of applications, he said, citing instrumentation and the defence industry as areas of interest to venture capitalists.

He referred to what was known in the U.S. as the "grey wave"—the likelihood that by the end of the century the number of people aged more than 65 would double.

This would create many opportunities, he said, for example in sheltered housing, diagnostics and health care. Venture capitalists should be thinking five years ahead, when these ideas would translate into purchasing power.

the references to them contained in the Rejection Document.

THE WEEK IN THE MARKETS-1

Brakes come on just short of 700 mark

A FEELING that enough was enough descended on the *London market this week.* Though early favourable indicators encouraged shares to attempt to breach the 700 barrier of the FT Industrial share index, after several attempts some of the enthusiasm began to wane.

The week began with the U.S. market continuing to clock up records on the back of better money supply figures and signs of recovery in the American economy. At home better world *economic prospects helped* power the FT index to 698.4 early on Monday.

Gains were widespread enough to push 16 FT Actuaries indices, *including the All Share, to all* time highs. But suggestions that the market had now discounted many of the favourable factors, including a Tory victory at the next *general election*, and that equities were no longer cheap, cheap, applied a brake on Tuesday, in the shape of the largest single day's fall for over a *month. The FT index* recovered but finished the week at 688, down 7.5.

Sterling remained much happier than of late and touched $1.5615 before falling back below $1.54, but equities were relatively uninspiring.

ICI surges

Imperial Chemical Industries has traditionally been regarded as the classic UK "bell-wether" stock and the announcement by *its chairman on Thursday that* the company had enjoyed an upsurge in profitability in its first quarter sent its share price shooting up by a record 32p to 469p.

The FT Industrial Ordinary Index also soared by 17 points before lunch after Mr John Harvey-Jones had told his shareholders: "*There do seem to be* some hopeful and positive signs of change in the economic environment."

The uprating of ICI has been remarkably swift, as it was only in February that the company announced a slump in its 1982 profits to a 10-year low of £259m pre-tax. Last year ICI shares were languishing at well below £3, and only a month ago they were on sale at below £4.

One of the main factors behind the price surge has been U.S. money pouring into London. But several City analysts, in particular Mr Stuart Wamsley *of stockbrokers W. Greenwell*, are sceptical about the extent of ICI's recovery. The upsurge in demand in Europe noted in March has been patchy and the *crucial sterling-deutschemark* exchange rate has started to work against ICI again.

The UK labour force, which numbered 180,000 in the mid-*70s, has been cut by 25,000 over* the past two years and should fall to 50,000 this year. But the company is *still* suffering from massive excess capacity.

The agriculture division is not expected to see much improvement in demand for its fertilisers this year, especially with Australian farmers overwhelmed by the lements. In the longer-term, the dumping of products from Eastern Europe and by 1985 from the new plants in the Middle East may prevent the heavily loss-making petrochemicals and plastics division from achieving a sustained turn-around.

Mr Howard Coates, the chemicals analyst at stockbrokers de Zoete and Bevan, places more emphasis on the favourable effects that rising stock levels should have de*mand on ICI's petrochemical* and plastics products. Profits in 1983 from pharamceuticals should rise from £138m to around £780m thanks largely to *the success of the heart drug*, Tenormin in the U.S.

Whereas Mr Wamsley belives the market has lost sight of all *the fundamentals amid the* froth it is generating, Mr Coates believes that ICI's improvement is a favourable omen for the prospects of general economic recovery. "*This time it looks* like the real thing, he said.

Dunlop skids

Some 17 *months ago a leading* City firm of stockbrokers published a research paper for its clients entitled "Dunlop—the bounce back." The view was *shared* by other commentators who were studying the tyre manufacturer's struggle to halt a severe profits decline from the £79m pre-tax profit record of 1976.

When the troubled group turned in a break even position for 1981 on a 5 per cent sales advance the signs were that this was the *bottom*. The UK tyre operations were responding to savage surgery. But significantly, its European activities remained weak.

By June *the chairman*, Sir Campbell Fraser, gave an optimistic statement to the annual meeting and in July the group struck a deal to sell its Malaysian interests to Pegi Malaysia Berhad for £73m. The cash generated promised to pull borrowing below the level of shareholders' funds.

In September the optimism appeared confirmed as Dunlop showed a recovery to a £4m profit on a well over 11 per cent rise in sales. There were some cautionary sounds but the worst appeared to be over and recent forecasts for 1982 were ranging *up to £15m profit.*

But it did not turn out anything like that. Not surprisingly, the shares became the worst performers of this week when the group reported that it had lost £7m in 1982 on turnover 5 per cent up at £1.53bn, and omitted its final dividend. The shares, which had traded up to 78p last year, fell 3p on the day to 52p, close to their 50p par value, capitalising the company near £75m.

Despite restructuring and cost cutting the group's European tyre business remains the chief problem with better performance in Germany being offset by difficulties in France in an oversupplied market.

At the operating level profits were down from £52m to £41m representing a margin of only 2.7 per cent. At the same time, despite an easing of interest rates the financing charges were up from £45m to £56m because of a change on the accounting treatment of certain overseas borrowings.

On top of it all payment of £24m cash relating to the Malaysian deal had been *delayed* and the group had to look to a property revaluation to keep gearing below 100 per cent.

Hawker Siddeley

The diversity of Hawker Siddeley's products — from whisky to railway trucks—has provided valuable stability during downturns in its various markets. But it has also kept the group lingering on the points *while changing track from* recession to recovery.

Last year's results, showing a 4 per cent decline in pre-tax profits to £116.2m, were burdened by slack markets in the heavy capital goods sector, which accounts for the bulk of the group's business and which the economic upturn will "take a little longer to reach."

The squeeze on profits was substantially eased, however, by defensive cash management, which produced a cash inflow of £34.1m, enough to knock £4.7m off the interest bill.

Trading conditions were toughest in mechanical engineering, where *trading profits* contracted by 15 per cent to £54m and the market for smaller industrial diesel engines felt a sharp decline in the second half. *Order books were healthier for* the bigger machines, but the division's exposure to Africa and the Middle East will come under pressure in the current year from the effect of falling oil prices on those regions' spending plans.

Profits in the electrical engineering division advanced only *slightly*, hampered by a price war in the British cable industry. The sector's high concentration on exports should benefit from the weakness of sterling in 1983, but like mechanical engineering it is also vulnerable to retrenchment by oil producing customers.

Weak markets for housing, pulp and paper meant that the Canadian forestry company continued to make a loss, albeit a reduced one, reflecting a late improvement in housing starts. Economic recovery in the U.S. should produce a spin-off for the group's Canadian markets in the current year and order books are already improving in the transportation company.

The company sees little evidence, however, of a widespread upturn in most of its market and has lifted the final dividend a modest 5 per cent, giving a *total* of *9.8p*. Nevertheless, the strength of its product lines and the aggressive surgery which has taken place points to lively profits growth in due course.

Busy high street

Currys Group was expected to produce good results in the year ended January, its shop packed full with electrical pro*ducts, TVs and videos, the firs* target for shoppers encourage be the easing of hirer purchas and lower inflation. Th £15.06m *pre-tax* profit when i came on Tuesday was eve better than forecast.

Along the High Street a W. H. Smith and Son, busines is brisk but not quite as spec tacular as in the electrica sector. The newsagents, book sellers and stationers busines revealed profits of £26.71m, fo the year to end January whe it reported on Tuesday.

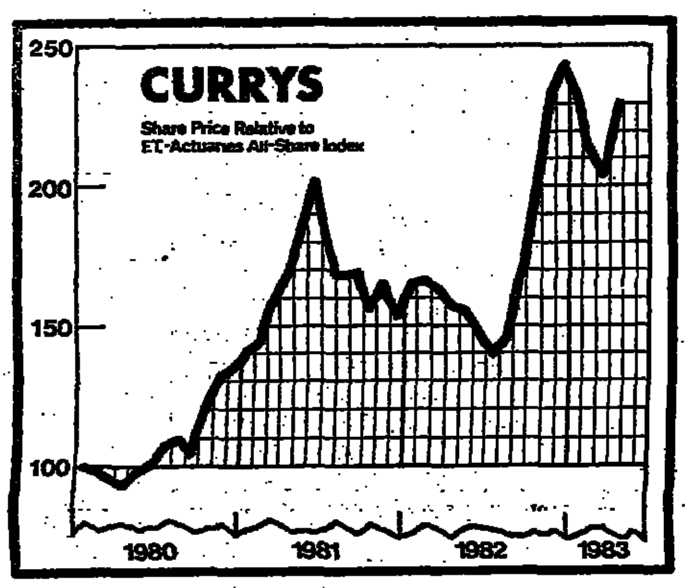
LONDON

ONLOOKER

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1983 High	1983 Low	
F.T. Ind. Ord. Index	688.0	− 7.5	695.5	598.4	Erratic nearing 700
Arlen Elect.	377	+80	380	119	Persistent buying
BOC	231	+17	232	170	Good demand
Bellair Cosmetics	78	+24	78	17	Fenton Hill bid talks
Black (A. & C.)	183	+35	183	133	Excellent results
BP	388	+18	392	296	Hopes of oil price stability
Currys	368	+70	368	280	Excellent results
Dubilier	128	+16	131	104	Interim figs. & div. forecast
Dunlop	49	−11	60	43	Year's loss/final div. omission
East Dagga.	362	+57	363	148	Speculative buying
Fobel Intnl.	180	+47	190	101	Investment seminar
Humphries Hldgs.	42	+10	42	10	Technicolor bid approach
ICI	460	+24	476	350	Ch'rman's optimism/1st ¼ figs Thr
Jo'burg Cons.	£88¼	+ 8¼	£88¼	£52½	Cape buying/stock shortage
Lorlin Electronic	130	+50†	132	110	USM debut
RTZ	585	−23	614	455	*Charter's 9.1m share placement*
Security Centres	492	+139*	520	260	In wake of U.S. acquisition
Tate of Leeds	175	+38	180	103	Possible offer

† Based on placing price of 80p. * Based on pre-suspension price.



Economy on track?

NEW YORK

RICHARD LAMBERT

CENTRAL PARK is at last beginning to show signs of spring, but down in the south of Manhattan it is already high summer. In just ten trading sessions, the Dow Jones Industrial Average rose by nearly 80 points to a new high in heavy trading before pausing for breath on Thursday.

Like any good bull market, Wall Street is looking for excuses to go up at present—and this week, it found several. *Wednesday's upsurge was built* on the old cliché about what is good for General Motors: the world's biggest car maker reported first quarter profits which were *significantly* better than most expectations, and as if to show that this was not a fluke, Chrysler did the same on Thursday.

It now looks as though General Motors could be heading for earnings this year of $9¼ per share or more, compared with just over $3 a share in 1982. That would put its shares on a prospective price earnings multiple of about 6½. Chrysler's earnings are very hard to predict, but at a rough guess its price earnings ratio at around $25½ may be comparable to GM's.

But the traffic lights are still not all set at green in Detroit. The motor companies book their profits when the cars leave their factories—rather than the showrooms—and the rise in retail sales *this year* has been nothing to shout about.

One result of this is that the manufacturers appear to have been trimming back their steel orders in recent weeks. *Republic* Steel, one of several major steel makers to report big first quarter losses in the past few days, said that it had seen an improvement in demand during the first two months of 1983, mostly from the consumer durables area. But demand had reached a *plateau in* March, and the company was still not making enough steel to get it back into the black during the current three month period. Another big steel maker, Armco, cut its dividend yesterday.

This will worry those who believe *that* the *3.1 per cent* annual rate of increase in the economy during the first quarter was little more than an automatic reaction to the record levels of destocking in the preceding quarter. Business inventories have been edging ahead in the last month or two, and consumers are still behaving cautiously.

But most of this week's news was much more positive. Wednesday's figures on the growth in gross national product during the first quarter seemed *to indicate that the Reagan* Administration was broadly on track with its forecast of a near 5 per cent growth rate between the fourth quarter of 1982 and *the final three months of this* year. And a series of top company officials have been painting a generally encouraging picture of an economy which *is picking itself* up *from* the ropes.

Dow Chemical is a good example. Its first quarter earnings were way below those of *a year earlier*—but were *much higher* than in the final three months of 1982. The company said that its rate of capacity utilisation was improving with every month that passed, and that the general environment for prices was also getting better. So the second half of this year is expected to produce a "dramatic improvement."

That could mean overall earnings in 1983 will rise from a depressed $1.77 a share to around $2, putting the shares on a prospective price earnings multiple of about 15. Next year's earnings, Wall Street devoutly hopes, will be substantially higher.

The chemical companies traditionally *lag* behind the economic cycle, but other basic industry sectors, like the forest product and building material groups, are already beginning to show a strong measure of profits recovery. And last year's stars in the pharmaceutical sector are continuing to show very stron profits growth, with the exception of companies like Merck which have been held back by the strength of the dollar.

Things were more subdued down in Atlanta, where American Telephone and Telegraph *held* its last *annual meeting* before the great divestiture, and confirmed that first quarter earnings—after excludnig the impact of an accounting change last year—were broadly unchanged.

While the giant telephone on breaking itself up, Wall Street is *working on the* "Son of AT and T." Never one to miss a trick, Merrill Lynch is reported to be putting together an investment trust that will recreat the present group

MONDAY	1183.24	+11.90
TUESDAY	1174.54	− 8.70
WEDNESDAY	1181.47	+16.93
THURSDAY	1188.27	− 3.20

SAVINGS OFFERS

U.K. CONVERTIBLE STOCK 23/4/83

Statistics provided by DATASTREAM International

Name and description	Size (£m)	Current price	Terms*	Conversion dates♧	Flat yield	Red yield	Premium† Current	Premium† Range‡	Income Equ§	Income Conv¶	Income Div♡	Cheap (+) Dear (−)◊ Current
British Land 12pc Cv 2002	9.60	297.50	333.3	80-97	4.0	0.9	4.4	−3 to 8	30.0	81.6	18.1	+13.7
Hanson Trust 9½pc Cv 01-06	81.54	198.00	107.1	85-01	4.9	2.9	−1.2	−6 to 7	117.0	72.7	−22.1	−20.9
Slough Estates 10pc Cv 87-90	5.03	245.50	234.4	78-84	4.1		−6.5	−8 to −0	18.0	9.5	−3.2	+3.2
Slough Estates 8pc Cv 91-94	24.72	115.00	97.5	80-89	7.1	6.0	5.3	3 to 12	29.4	35.1	5.2	−0.1

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, − is an indication of relative dearness. ♧ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

THE WEEK IN THE MARKETS-2

The tide is turning

"I BELIEVE that we hit the *bottom of the cycle in the last* quarter of 1982. We are, of course, not out of the woods yet, but there has been substantial improvement in the market place." This summing up of the picture for the metal mining *industry has come this week* from Mr William James, chairman of Canada's nickel-producing **Falconbridge.**

He expects a 10 per cent rise in non-communist world nickel consumption this year and he points to the recovery in nickel prices that has taken place since November. So the company's losses are expected to be much smaller in the current quarter.

Transatlantic companies like to compare the results for their latest quarter with those of the same quarter of the previous year. But the improvement which is now getting under way is better seen by compar*ing the first quarter results now* being announced with those for the final quarter of 1982.

Thus the first-quarter loss of C$22.1m (£11.6m) just declared *by Falconbridge goes against* a loss of C$29.3m in the previous three months. In the case of the major *nickel* producer, **Inco**, the picture is different, with a first-quarter loss of US$76.9m (£49.8m) comparing with US$63.7m in the final quarter of 1982.

However, there were US$61m *shutdown costs in each of the* two quarters and these will fall sharply in the current period. Meanwhile, Inco has further *reduced its burden of unsold* nickel stocks by 29 per cent to 75m lb.

Mr Charles Baird, the chairman, thus expects results for the current quarter to be substantially better than in the *first quarter, although the* profit-making stage is still some distance away.

On the copper front, the leading U.S. producer, **Phelps Dodge**, has reported a fall in the first-quarter loss to $3.9m which goes against a loss of $9.5m in the previous three months and one of $19.1m in the first quarter of 1982.

Last April the company was forced by the poor conditions in the copper market to close all its copper mines together

MINING

KENNETH MARSTON

with three smelters in Arizona. *It later resumed mining* and was operating at 75 per cent of capacity in the first quarter of this year.

As a result the copper and *other primary metal operations* managed to make modest operating profits in the quarter and, thus emboldened, Phelps is to reopen its Tyrone mine in New Mexico on May 2 which will mean that all of its copper mines will be back in production again.

The giant U.S. natural resource group, **Amax**, still lost as much as $48.7m in the first quarter of this year, but this was not nearly so painful as the loss of $244.5m suffered in the previous three months which brought the total loss for 1982 to $390m. So, here again, Amax says that it is *"beginning to benefit from economic recovery."*

There is one thing that all these major companies have in common and it is important: they have all slimmed down *into much more efficient operations.* Lessons have been learned and the companies have once again become lean and aggressive animals.

Falconbridge, for example, reckons that its austerity programme has cut corporate costs per pound of nickel produced by as much as 25 per cent, making the company one of the lowest-cost nickel producers in the world. This kind of policy pays far better dividends than does complacency.

Copper prices have also been improving and I have been intrigued to note that the Chinese have been buying strongly this week. I don't know whether they are more shrewd than others, but I remember *that late last year* they moved in at just the right time and thereby profited greatly.

The current rise in copper prices must also be of great benefit to the **Rio Tinto-Zinc** group with its profitable **Palabora** and *Bougainville* mines. It thus seems surpris*ing that after the parent* company's sharp recovery in the second half of last year that **Charter Consolidated** has sold its remaining holding of 9.1m RTZ *shares this week for* £51m, equal to 560p per share.

This does not mean that Charter has lost faith in RTZ. The move fits in with Charter's stated policy of investing directly in mining and industrial operations rather than taking the more pasive role as *an investor in* those of others. And, of course, with the price of RTZ now riding high, the money has come in useful.

This week has brought the completion of the March quarterly reporting season of the South African gold mines. In U.S. dollar terms they have received on average a price rise of 11 per cent but *because of* the increase in value of the rand against the dollar their revenue in South African currency has risen by only 5 per cent.

Still, costs have been quite well maintained despite a rise of some 16 to 18 per cent in electric power charges and most *of the pre-tax profits have* been increased over those of the previous quarter.

Capital expenditure ranks as a tax-offset so those mines which have spent *less in the* quarter have seen an increase in tax liability which has resulted in some of them reporting lower net profits.

Randfontein, for example, has thus turned in a net profit of R45.4m (£26.8m) compared with R67.9m in the previous three months. Even so, the latest reduction in capital expenditure leaves the mine with a 36 per cent increase in earnings per share despite the higher tax charge. But I must add that the fall in capital spending in the latest quarter is only temporary.

Vaal Reefs is going ahead with a major expansion programme which will cost some R178m in all, to be spent over the years to 1987. The money will be provided by earnings which in the year to March 31 *totalled R308m* and which will be higher this year.

GOLD MINE NET PROFITS

	March quarter	December quarter	September quarter	June quarter
Blyvooruitzicht	23,001	22,000	19,942	14,233
Bracken	2,758	1,535	2,567	1,516
Buffelsfontein	28,515	29,901	24,383	23,680
Deelkraal	8,885	11,339	8,801	3,888
Doornfontein	13,338	14,584	11,482	12,450
Driefontein	107,037	109,845	86,280	122,798
Durban Deep	5,649	‡6,756	†4,717	†3,934
Ergo	17,019	13,592	20,316	12,820
East Rand Pty	3,741	†7,739	†6,140	†3,447
East Transvaal	5,550	3,927	2,487	2,915
Elandsrand	23,064	23,590	19,342	5,574
FS Geduld	32,281	23,946	43,991	23,904
Grootvlei	6,268	10,206	6,749	4,813
Harmony	31,990	30,773	22,890	27,320
Hartebeest	38,206	33,820	33,083	34,202
Kinross	13,576	14,317	15,198	8,513
Kloof	41,498	41,721	34,480	28,974
Leslie	2,968	2,443	3,215	1,560
Libanon	15,449	16,647	14,005	10,573
Loraine	†5,134	4,034	‡916	†8,369
Marievale	733	751	556	221
President Brand	42,419	24,224	34,894	22,023
President Steyn	30,387	29,515	28,632	21,881
Randfontein	45,351	67,906	40,204	28,724
St Helena	21,531	37,322	29,431	22,159
South African Land	1,585	1,823	1,320	1,383
Stilfontein	8,175	13,257	9,178	9,770
Unisel	9,498	9,180	9,370	6,691
Vaal Reefs	68,125	110,024	71,771	69,844
Venterspost	4,924	4,771	3,805	†2,878
Village Main	176	132	155	*170
Vlakfontein	654	650	695	404
West Rand Consolidtd.	3,355	‡3,124	†3,258	*†197
Western Areas	12,382	20,537	8,720	861
Western Deep	47,382	58,168	61,885	46,032
Western Holdings	39,831	33,807	53,203	28,980
Winkelhaak	13,494	12,637	13,726	10,598

* Loss † After receipt of State aid. ‡ After repayment of State aid.

The height of a Cypress hedge

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Our neighbour's Cypress hedge has now grown to a height of 10 feet and completely blocks our view. Could you tell me, is there any limit to the height to which such a hedge may be grown?

If the hedge is a means of enclosure it would appear to be subject to the two metre restriction on development without planning permission in the General Development Order.

Allotment in a false name

Some time ago, to a question under the heading Allotment in a false name, you replied: "We think that it is not unlawful to apply for an allotment in a different name, even *if* that is not a name by which the applicant is normally (or ever) known." This seems to be an almost foolproof method of avoiding efforts to deter stagging. Since the object of stagging is to obtain pecuniary advantage, is it not possible that the use of false names in making multiple applications for shares in new issue amounts to some sort of an offence under the Theft Act since the applicant, in those circumstances, is using deceit in order to obtain a pecuniary advantage, such advantage being obtained to the disadvantage of others who have behaved, without deceit, to apply for shares in accordance with the instructions of the issuing house or its bankers?

If your advice remains that applications for shares may be made in false names then, presumably, it is equally in order (subject to prior arrangement with the bank) for accompanying cheques to be signed in the false name also. Is this your view, too?

Finally, could you let me have your guidance on the practical interpretation of the word "multiple" in relation to applications for shares in new issues?

We *doubt if the making of an* application for shares in a name other than that which the applicant normally uses would constitute theft, although in *some circumstances* a case might be made out on that basis.

The cheque would have to be signed in the name of an *account holder if a different* name were being used, and it is doubtful whether a bank would knowingly be party to such an arrangement. The terms *of the issue would be crucial in* determining whether there were any obtaining of a pecuniary advantage by deception.

"*Multiple*" *is an imprecise* word in this context, and it seems to amount to no more than a means of reserving to the issuing house of a right to reject applications where more *than two are made by the same* person.

Money paid in error

In 1971 I had a large double-glazed window installed in my Ayrshire home, and this was covered by a 10-year guarantee. *A little more than* 10 years afterwards, as I thought, condensation appeared and I had the glazing replaced by the same firm which quoted £320 *for the job. Shortly after paying* the bill for this sum, I found the original guarantee form and discovered that in fact the 10 years was not up when the fault appeared. I applied to the *firm for a refund but the upshot* of the matter was that they have failed to make me one. What, please is my position under Scots law?

In Scotland *it is* generally held that money paid under the mistaken belief that it was due can be recovered. The recipient of such monies is under an obligation of "repetition" and the action to enforce this is called Condictio Indebiti. This is clear law in the case of a mistake in fact but is in doubt when the mistake is one of law. The application of the concept of Condictio Indebiti *depends* on equitable considerations and it has been held that a mistake in the construction of a private commercial contract was deemed to be an error in fact.

It is impossible for us to advise you with certainty as to your own position in this regard as consideration would require to be made as to the guarantee which you hold, the terms of the original contract, and the terms of the later contract which is now under discussion.

We would suggest therefore that you consult your Solicitor in this regard, who will also be able to give you an estimate of the expenses in which you would become involved.

The right to raise an action for the recovery of money paid in error is extinguished after five years in terms of Section 6 of the Prescription and Limitation (Scotland) Act 1973.

Gift	Gross	CTT payable		Net
1	5,500	zero		5,500
2	5,500	zero		5,500
3	5,500	5% of £1,500=	75	5,425
4	5,500	5% of £3,500=	175	
		7½% of £2,000=	150	
			325	5,175
5	5,500	5% of £2,500=	125	5,375
6	5,500	5% of £2,500=	125	
		7½% of £3,000=	225	
			350	5,150
7	5,500	zero		5,500
8	5,500	zero		5,500
9	5,500	zero		5,500
	49,500		875	48,625
Estate	15,000	30% of £4,500=	1,350	13,650
	£64,500		£2,225	£62,275

Complexities of CTT

Despite your recent replies to questions about CTT I am still somewhat puzzled. Could you *please tell me* (1) If death occurs within three years of the transfer of estate, will this *transfer be included in total* asset, and liable for CTT? (2) If death occurs after three years of such a transfer, but before 10 years of cumulative period expired, would the CTT be charged on a life-time gift basis of reduced rate or death rate? (3) If the transfer was made on, say, May 10, 1974, will *it be completely CTT free?* I mean, the entire £55,000 (£60,000 now) on May 11, 1984? (4) If this is so what will be the position of someone making *a gradual transfer of, say,* £5,500 every year, apart from the £3,000 annual exemption of gifts, and the person died in 1983 (originally he started gradual transfer in 1974?) If this person has left a total *estate of £64,500 (£49,500+* £15,000 yet to transfer) what would be his liability to CTT?

You will find general guidance in a free booklet, CTT1 (*January 1983*), which is obtainable from the Capital Taxes Office, Minford House, Rockley Road, London, W14 0DF.

1—Yes: the CTT bill will be re-calculated on the death scale. Up to £60,000, of course, the rate is zero on both scales.

2—On the lifetime scale.

3—Yes: a non-exempt gift of up *to £15,000 on May 10, 1974,* would have been chargeable at zero rate, and it will fall out of the cumulative total after ten years.

4—*If* a man who had made annual non-exempt gross gifts of £5,500 since May 1974 were to die in April 1983 possessing assets worth £15,000, the CTT bill would be as shown in the table above.

A transfer of specie

H settled in 1962 shares on his wife for her life with simple reverter to himself. In August 1971, expecting he would die first, he declared that he held the Reversion for their two adult children absolutely as trustee.

The wife has now died. Can he as trustee transfer the share in specie to the two children? Does he incur CTT and/or CGT?

You can transfer in specie. No capital Transfer Tax is exigeable, but Capital Gains Tax will arise under Section 55 (1) and/or Section 54 (1) of

How to get a mortgage

William Dawkins looks at the state of the housing market

NOW IS traditionally the time when many people like to take action on the housemoving plans they have been hatching all winter. But with few exceptions, housebuyers will find that they have to wait for between one and three months to get a loan—when they could have picked up a mortgage practically on the spot six months ago.

Building societies blame the squeeze on the banks' recent substantial withdrawal from the home loan market, which took place at a time when demand for mortgages was increasing.

The societies' lending reached a record £1.9bn last month, while the influx of savings has lagged so severely—burdened by the comparative lack of attractiveness of building societies' share accounts—that most major societies are having to dip deep into liquidity to meet borrowers' needs. Liquidity shrank by £382m in March, the fourth consecutive monthly decline.

Much of the building societies' argument may be rhetoric, aimed at putting pressure on the Government to reduce interest rates further, thereby restoring the attractiveness of their savings accounts. The half-point cut in bank base rates *this month has helped a little.* Nevertheless, the queues remain. As one building society manager put it: "The banks really left us holding the baby."

However, the problem is not so damaging to housebuyers as it at first seems. Since most vendors are also having to wait for a loan to make their own purchase, mortgage queues have tended to lead to general delays in completion times, rather than large numbers of abortive deals. And few building societies have changed their traditional policy of making mortgages freely available through housing estate developers, which means that people buying, say, a new Wimpey home will be unusually unlucky if they get stuck in a loan jam.

For those who do have to wait, the Abbey National has attempted to soften the pain by giving a written commitment to successful applicants detailing the date on which the money will be available. In the present climate, the commitment can be up to 12 weeks ahead, although half that period is the average. However, it is accepted by banks as security for bridging finance and is a useful guarantee to vendors that money will be forthcoming.

Abbey National has restricted loans almost entirely to members, in contrast to last autumn when mortgages were available to all financially suitable comers.

Priority is given to those who have invested in the society for two years and with a "reasonable" deposit—which usually means 10 per cent of the purchase price—as well as first time buyers and members moving because of their jobs.

The criteria Abbey National is using are very much in line with those used by other major societies.

The Halifax, Britain's biggest building society, reports delays of between four and eight weeks. "The queues are lengthening," says Mr Tom Taylor, assistant general manager. Members only has also become the rule and the society is looking increasingly critically at the quality of membership when deciding how to apportion mortgages.

For instance, a newcomer who deposits a substantial sum with the society today and applies for a mortgage next week is likely to be disappointed, as he would be at most major societies. The ideal applicant would be one who has gradually accumulated 5 or 10 per cent of the purchase price over six months or a year—or even a saver who had put aside a smaller amount over a longer period, says Mr Taylor.

Unfortunately, there seems to be no quick solution for housebuyers who have not built up a long-standing relationship with a building society and want an instant mortgage.

"What we are looking for is a consistent approach," says Mr Taylor. "If people want to move next autumn, they should start developing a relationship with a building society now, rather than trying to get a loan while they think there's still money left. It is only because people have been stampeded that there are bottlenecks like this."

The Nationwide reports average delays of between two and three months and says it needs at least 50 per cent more in savings receipts to meet the demand for borrowing without dipping into liquidity. Mr Horace Fielder, the Nationwide's general manager of housing and planning, says the average size of loans has also increased. The typical first time buyer, for example, wants to borrow nearly £18,700, almost £2,000 more than a year ago.

Mr Fielder's advice echoes that offered by the Halifax. "Make sure that you become an investor with the building society of your choice and recognise that you are not going to be able to open an account one day and get a mortgage the next. The saver should be prepared to make a reasonably serious commitment."

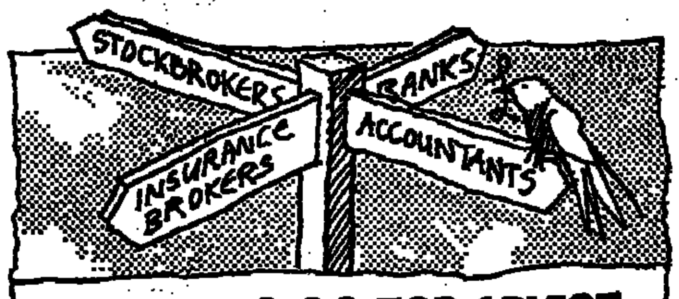
The Anglia is another building society which has recently been forced to turn non-members away. "We don't like turning any form of business away," says Mr Leonard Wilson, the general manager. "But the intake of money over the past three months has not been enough to maintain previous levels of lending." Queues at the Anglia average between four and six weeks, with no indication that they will get shorter, says Mr Wilson.

Mr Alan Cumming, chief general manager of the Woolwick and chairman of the Building Societies' Association, warns that the societies cannot continue eroding their liquidity indefinitely. His society is already experiencing queues of eight to 10 weeks and like the others has restricted lending to members only. "We are in the business of sharing out a scarce commodity," he says.

In his view, the societies have three options in the short term:

- Hope that interest rates will fall, thus encouraging a badly needed improvement in the inflow of funds.
- Reduce lending allocations further.
- Increase mortgage rates.

"One of those things has got to happen," he says. "It is not going to happen tomorrow or next week, but it is going to happen within the next three months. It is unpalatable politically, but I don't know of any magic pot of gold that is going to stop at least one of these things happening."



WHERE TO GO FOR ADVICE

You and Your Money:
Rosemary Burr continues her series

There's more to broking than a long lunch

FOR MANY people stockbrokers are unapproachable City slickers, rolled umbrella on arm, who are usually out for a long lunch. Brokers not surprisingly are keen to live down *this sort of reputation.* Instead many seek to project the relaxed informal style of a professional who can grapple with every aspect of an individual's financial affairs.

It's best to remember that when consulting a stockbroker or any investment manager there is no such thing as free advice. While stockbrokers rarely charge directly for their views, this does not mean they are not *aiming to generate* income indirectly through brokerage commissions.

Indeed one stockbroker was honest enough to admit that his firm charges well above the Stock Exchange's commission on small transactions in order to make the business profitable. So the lesson is clearly to ask just how much stockbrokers will be earning from your business. All financial advisers make money out of their clients, otherwise they would not stay in business, but do make sure you are not paying over the odds.

Despite much mumbling about small clients being unprofitable, most of the large City brokers have flourishing private client departments and many send their London staff around the country promoting the firm's virtues.

Services offered by brokers fall into three categories. First there is straight dealing in stocks and shares with a little *ad hoc* advice thrown in. There is no minimum figure required but anyone with small sums to invest tends to be penalised by relatively high commissions. Next there is portfolio manage*ment in various packages.* Here, as with the banks, individuals with less than £20,000 may find the choice restricted but brokers are much more flexible than the clearers.

Finally, brokers are increasingly pressing clients to hand over responsibility for the running of their investment affairs. Several firms have set up subsidiaries, which are often registered insurance brokers, to do just this. These subsidiaries normally take commission from the insurance companies whose products they sell.

● Capel-Cure Myers

The firm says it will help people in most circumstances, even those with as little as £500 to invest. Anyone with less than £7,500 will be advised to put the funds in the firm's own unit trusts which it says are run conservatively and not aimed at hitting the heights of the performance tables. Those with £7,500 plus are offered discretionary portfolio management with funds invested in unit trusts other than the firm's and also in individual stocks. There is no direct charge for either of these services but the firm earns commission on unit trusts, brokerage fees on shares *and a management* fee *on in*-house funds.

FOR PEOPLE with £10,000 who prefer to invest in individual shares only, the firm has a personal portfolio service. Clients funds are grouped under shared investment objectives and invested in bulk. The service is run in conjunction with Bank of Scotland and commis*sions are 30 per cent* higher than the minimum in order to make the service feasible. Anyone with £30,000 or more can have a personally run individual portfolio constructed specially. Again there are no direct fees, but the firm earns its keep through commissions on share deals, and on sales of insurance products.

The firm's financial services subsidiary offers advice on insurance, tax and complex CTT schemes. It is also currently developing a growing presence in the expatriate market where it detects a gaping hole in the market which is leaving people working abroad in the hands of frequently "unprofessional" advisers.

● Grievson Grant

The firm stresses there is no minimum amount required. Those with less than £50,000 will find their funds placed in unit trusts, some of which may be in-house. If a client has an existing portfolio of shares this will gradually be turned into a portfolio of unit trusts. Again, no charges, although the firm earns commissions and/or management fees on in-house trusts.

Those with more than £50,000 are offered a discretionary service which consists of a portfolio of individual British stocks and funds invested in overseas markets. A non-discretionary service is also available.

The firm's subsidiary financial services company is a registered insurance broker. Tax planning, insurance and general advice is dispensed by this subsidiary.

● Hoare Govett

Clients with less than £6,000 will be advised to invest in unit trusts or single premium bonds. Those with between £6,000 and £25,000 can opt for the firm's unit trust management service where for an annual fee of ½ per cent per annum, minimum £15, the firm will construct a portfolio of unit trusts run by other groups. Three portfolios are available: growth, income or combined growth and income. Clients can monitor the portfolio's performance in Planned Savings magazine.

There is a free nominee service for clients with dividends paid quarterly. The firm earns money by holding the dividends on average six weeks.

Anyone with at least £25,000 can opt for discretionary portfolio management which will include gilts and equities. An advisory portfolio management service is available for those who wish to make their own decisions with £50,000.

Advice on capital transfer tax, school fees, pension schemes, unit linked insurance and life assurance is also supplied.

● Quilter Goodison

Advisory service for those with a minimum of £20,000. No fee but it is expected that commi sions generated will cover cost A full discretionary manag ment service is also offered t those with £20,000 at no fe

More unusually the firm offe a managed investment accou *for anyone with £2,500 or mor* The client choses the level c income desired from nought t 10 per cent. The constructio of the portfolio depends o level of return requested bu may include gilts and un trusts. The idea behind th scheme is that income can b sacrificed for capital gain.

The firm also offers a compre hensive range of advice on ta planning. Quilter specialises i visits to homes and ha regional seminars at regula intervals.

● Sheppards and Chase

Clients with a few thousan pounds will be advised to pu their money in unit trusts. Fo those with at least £25,000 portfolio management service i given. A fee of £13.50 pe annum for a half yearly valua tion is charged irrespective o portfolio size.

Fourteen months ago th firm launched a financial ser vices company which offers th usual gamut of tax and insur ance advice.

A free nominee service i provided with dividends col lected and sent to clients quar terly. In addition, transaction records acceptable by th Inland Revenue will be pro vided. The firm earns interes for an average of six weeks o the dividends before sendin the funds to clients.

YOUR SAVINGS AND INVESTMENTS—2

Eric Short looks at Vanbrugh Life

A property bombshell

VANBRUGH *Life Assurance*, the unit-linked life company in the *Prudential Corporation*, dropped a bombshell late last week when it announced that the unit price of its main property fund was being changed from an offer to a bid basis. This is a method of protecting the fund from a wave of withdrawals.

Investors holding Property Bonds, with any linked-life company, and not just Vanbrugh, must now be wondering whether they should switch out of property into some other investment medium such as UK or overseas equity funds.

Before considering this question one needs to take into account not only general conditions in the UK property market, but the actual method of calculating unit prices on property funds.

Consider the second point first so that investors are clear on how the unit price is arrived at and what it means. The value of a property, unlike equities, is not determined on the open market. It is the subject of a valuation by an independent firm of estate agents and therefore somewhat subjective.

The *usual price, referred to* as the offer price, is based on *the assessment of the market* price on a willing buyer, willing seller, basis plus the property acquisition costs, less a deduc*tion for capital* gains tax liability. The lower bid price, however, bases the valuation on a forced sell situation *including* sale costs and can include a full deduction for capital gains tax.

Life companies can quote any price between the offer and the bid values, but the usual price on which investment and cash-in is based is the offer price.

The Pru is the largest property investor in the UK with a total of over £3bn of properties in its various funds. The 1982 report of Prudential Pensions—the managed pension fund investment arm of the Pru—contains a very gloomy review of property in 1982.

In summary, last year was a difficult year. This was primarily because the recession caused a reduction in demand for accommodation from all types of occupiers. This coincided with a reduction in investment demand from many funds — both private and institutional. The Pru admits that "the majority of forecasts over-estimated the performance of property this year" (meaning 1982).

The report concludes that the competitive attractions of equities and gilts were particularly strong in 1982, and less money was invested in property *compared with previous years.* Indeed, the Pru in handling clients' pension *fund money* cut the proportion held in property from 25 per cent to *17.5* per cent.

Many investors in Vanbrugh did not just stop investing in property. They actually withdrew, and put their money into other funds—either within Vanbrugh or elsewhere. Several professional investment advisers offering bond switching advice services have used Vanbrugh funds, partly because of the Pru name and partly because Vanbrugh has made switching cheap and easy. Over the past six months, some £7½m of the fund (now £65m) was switched to other Vanbrugh funds—UK and overseas equities—and another £5m went out of Vanbrugh altogether.

All this time Vanbrugh maintained the offer price until last Friday when it went straight to the bid price with full Capital Gains Tax deductions. The reason given was the need to staunch the outflow, and an *admission that the price* was overvalued compared with the *"real" value of properties.*

Vanbrugh still maintained the *offer price while the outflow* used up all its liquidity. Now *the* fund has started to sell properties on the open market. So the price has been moved straight to a bid basis with full deductions for Capital Gains Tax liability.

Vanbrugh's action may well restrict the outflow. But it can be argued that investors who cashed-in previously received more than their units were worth based on realisable property values.

Other property funds are reporting a higher than usual number of units being switched or cashed, but nowhere near the level experienced by Vanbrugh. There are two reasons for this. Firstly, other funds are not so widely used by professional investment advisers for switching purposes. Secondly, Vanbrugh was predominantly a single premium company. Abbey Life and Hambro Life—which run the two largest property funds—are still getting a steady inflow of regular premiums.

The table shows the current position from some of the life company property funds.

So should investors switch out of property? The Pru report in referring to prospects for 1983 simply states that there are still many uncertainties, but it sees *some evidence of an upturn in* the market.

Even so, it is likely that property prices will continue dull during this year and if investors want growth quickly they need to seek it elsewhere, though equity growth both in the UK and overseas could also be running down.

Some fund managers now feel, in fact, that the time is coming to start reinvesting in properties again. Graham Knox, deputy investment manager of Scottish Amicable, intends to do this again in 1983 on a very selective basis. Arthur Peirce, chief executive of Providence Capitol Life Assurance, already an active buyer, hopes to pick up some bargains from funds selling properties.

But the recent poor performance of property funds, compared with both equity and fixed interest funds, has seriously dented their image. Only a strong economic recovery, and a revival of inflationary fears, could restore it.

Life companies having now seen in practice the dangers inherent in a liberal matching policy, may lighten up even to the extent of excluding the property fund from immediate switches.

Company	Size £m	Pricing basis	Liquidity %
Abbey Life	530	slightly below offer	12
Hambro Life	323	offer	8
Property Growth	35	between bid & offer	3
Merchant Investors	50	offer	16
Equity and Law	14.7	offer	9
Norwich Union	25.1	offer	20
Sun Life Unit	5.8	offer	1½(a)
L and G Unit	10	between bid & offer	6
Standard Life	9.3	offer	33
Albany Life	5.9	offer	15

(a) 80 per cent of portfolio shared with main life fund.

Target aims at U.S. technology

TARGET is the next unit trust group to tune into high technology with the launch of the Target Technology Fund.

The group sees technology, especially American technology, as the next great growth area now energy stocks have lost steam. And the way it aims to avoid the pitfalls of this inevitably high risk and volatile sector is by enlisting the services of on-the-spot investment managers J. Rothschild Capital Management Corporation in New York.

Target says the Technology Fund is the first UK trust to have such a large U.S.-based team at its disposal. The principal investment adviser will be L F Rothschild, Unterberg, Towbin, a major U.S. investment banking firm which has built up a long experience in technology issues.

J. Rothschild is a subsidiary of RIT and Northern, which on *January 1 took a $30m stake in* the advisers, L. F. Rothschild, Unterberg, Towbin.

This is the first major co-*operative venture between* the two since the link-up and they *insist that the situation will only* benefit Target and that at all *times the advisers and invest*ment managers will work at arm's length.

Art Sheer, president of J. Rothschild, *has 10 years experi*ence in the management of technology stocks. He has developed an investment philosophy which he describes as a "risk averse way of maximising opportunities with a superior return."

In English that means building up a portfolio of companies of varying risk. Some will be established technology companies with growth potential, others might be utility companies, like a telephone company, which could become tomorrow's great technology investment, but has minimal downside risk. Mr Sheer says he will not rush to invest the Target Technology Fund, but will wait for the right opportunities. Up to 5 per cent of the portfolio may be invested in unquoted companies with an extra-high growth potential, and Mr Sheer is cautious about investing in too many new issues.

Target Technology Fund is launched at an initial offer price of 50p per unit. The starting yield is estimated at 1.0 per cent per annum growth. The management charge is an initial 5 per cent of the amount invested plus an annual charge

of the expertise of both J. Rothschild and L. F. Rothschild Unterberg Towbin.

Target does not see its Technology Fund as a fast moving one, but a "buy and hold." *It is confident that U.S.* high technology still has a lot of mileage.

Alison Hogan

YOUR SAVINGS AND INVESTMENTS—3

Clive Wolman examines the the problems for investors making money in a volatile market

How to survive as a clever bear

THE TEMPORARY fall of 20 points in the FT 30-share index this week between Monday and Wednesday revived fears that the shares of UK companies may be over-valued and that the bull market has passed its peak.

If you accept the argument that the market's level is becoming dangerous, or you believe that Labour will win the next election, or even that the prospects of a particular company *are about to plummet, you* should consider alternatives to merely running down your equity portfolio. Prescient bears can make as much money as prescient bulls, even if their lives are rather more complicated and hair-raising.

The traditional method of making money in a bear market *is by selling short the shares* you're pessimistic about. This involves selling shares you don't own and buying them back later, before delivery of the *share certificates to your pur*chaser is due when, you hope, their price will be lower.

Short-selling shares has acquired a raffish reputation among the more conservative stockbrokers, as if it were like selling a house you don't own to some naive purchaser. Jonathan Carr, a partner of stockbrokers L. Messel, refuses to accomodate clients who wish to become "uncovered bears."

"It's just not our style," he said. "We prefer to do genuine business rather than encouraging people on the fringes of the market to speculate."

But most brokers recognise begrudgingly that short-selling provides, inadequately, a *mechanism for allowing* the views of both optimists and pessimists to be reflected in a share price, ideally preventing it from becoming over-inflated.

"The trouble is that the whole of the Stock Exchange is geared towards prices going one way only, upwards," said Geoff Chamberlain of stockbrokers *Vickers Da Costa*. "Perhaps only 10 per cent of stockbrokers' circulars on companies are bearish. Most people are uncomfortable on a bear tack, and they panic on the way down. As a professional, I don't agree with what has been happening."

The risks of going short on *a share are usually greater than* the risks of buying as, at least theoretically, a share price can rise by more than it can fall. An unexpected takeover bid produces one of the commonest forms of "bear squeeze." Pity the short-seller of UDS last December. The most important thing is to be disciplined and to cut your losses by buying back to cover yourself if the share price rises above a level you set yourself in advance.

There are also administrative obstacles to be overcome. *Delivery of the share certificates* you have sold is normally expected at the end of the Stock Exchange account period which lasts for only two or three weeks. But demands for immediate delivery are rarely pressed. According to David Cohen, a partner at stockbrokers Simon and Coates, an un*covered position can usually be* maintained for up to five account periods. "Most brokers are relaxed for this length of time although they can't afford to have too many debtors," he said.

Simon and Coates allows its private clients to go short, after giving them due warning, but demands that they pay a deposit worth about 25 per cent of the value of the shares being sold. The client is advised to hand over to the broker gilt-edged or other securities rather than cash, so that he will not lose any interest.

But some brokers refuse to provide such facilities. "They may not want the extra risk involved if a client defaults or the extra detailed administration," said Cohen.

Suppose that after holding out for five account periods or so, you have still not covered your position, but you are convinced that the share price will tumble once some other analysts get round to putting the company under a microscope. You can try to persuade your broker to "borrow" the shares from other clients and deliver them to the market on your behalf. If he refuses, you can buy back on the last day of the account period—and then go short again the following Monday morning. Bed-and-breakfast in reverse. Your broker should be able to persuade the jobber to take a smaller turn. But he will take one lot of commission *for himself and the Inland* Revenue will take stamp duty.

If selling short seems too messy or too risky, an alternative solution for a bear is to buy an old-fashioned put option. For a price of, say, 30p this will give you the right to sell a share at the current market price of, for example, £3 at any time in the next three months.

If your forecast is correct and the share price falls allowing you to buy at only £2 in the market, you make a profit of 70p on each share (£3—30p—£2). If the price shoots up to, say, £4, then after three months you can just throw away your option away, knowing that your loss has been limited to 30p per share.

Your broker, if he is worth his salt, ought to be able to negotiate a put option with the option jobbers for almost any listed company, however obscure. But for a small company, in which the trading is thin, the cost of buying the put option may be large.

But if you are bearish about a large company, you may have the alternative of dealing in its traded options. You may either buy a put option, which you can re-sell at any time in the market, or go short on a call option, with your administrative worries limited to paying up a margin as a deposit to your broker. But only about 20 companies are represented in the traded options market.

Finally, if you are pessimistic about the prospects of a particular sector in the market, for example oils or banks, or you believe that the whole market is about to crash, then betting is the simplest and most tax-*efficient method of converting* your outlook into profits. You may decide to bet £10 for each point the FT 30-share index, or the FT Banks index, moves downwards within a specified period. The maximum period is between three and 12 months. If you close your bet after the index has fallen 50 points, you *will make a £500 profit free of* capital gains tax but liable to betting tax.

Such a service is offered by Ladbroke's and by the IG Index, based in Grosvenor Gardens, London, SW1. But the widest range of indices on which you can bet is offered by the *Futures Index, whose offices are* in Leamington Spa.

The Association of Investment Trust Companies — THE INVESTMENT TRUST TABLE

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Columns (1)–(5): as at close of business on Monday 18th April 1983. Columns (6)–(10): as at 31st March 1983.

Total Assets less current liabilities (1) £million	Company (2)	Share Price (3) pence	Yield (4) %	Net Asset Value (5) pence	Geographical Spread: UK (6) %	Nth. Amer. (7) %	Japan (8) %	Other (9) %	Gearing Factor (10) base=100	Total Return on N.A.V. over 5 years to 31.3.83 (11) base=100
	VALUATION MONTHLY									
88	Aberdeen Trust	126	4.9	168	67	29	2	2	104	234
320	Alliance Trust	442	4.1	622	41	46	8	5	96	245
5	Atlanta, Baltimore & Chicago	140	1.1	142	10□	90	–	–	106	236
†	British Invest. Trust	246	5.7	†	†	†	†	†	†	†
89	First Scottish American Trust	190	3.9	248	47	40	12	1	105	232
156	Investors Capital Trust	170	2.8	222	28	51	12	9	111	235
7	New Darien Oil Trust	46	0.8	68	4	87	–	9	90	†
105	Northern American Trust Co.	207	3.7	272	46	41	12	1	107	237
32	River Plate & General Invest. Trust	147	5.8	202	68	17	1	14	99	246
20	xSave & Prosper Linked Invest. Trust	136	–	301	100	–	–	–	141	177
241	Scottish Invest. Trust	181	3.7	254	25	42	20□	13	99	227
†	Scottish Northern Invest. Trust	121	4.2	†	†	†	†	†	†	†
169	Scottish United Investors	74	3.3	94	30	48	11	11	101	211
106	Second Alliance Trust	377	3.8	540	41	46	8	5	98	247
4	Shires Investment	150	11.2	167	100	–	–	–	90	152
151	United States Debenture Corporation	169	5.5	216	68	32	–	–	101	210
5	West Coast & Texas Regional	141	1.5	155	9□	91	–	–	107	212
	Baillie Gifford & Co.									
317	Scottish Mortgage & Trust	248	3.1	339	28	50□	16□	6	101	266
123	Monks Invest. Trust	106	3.2	143	25	43	23□	9	100	250
16	Winterbottom Energy Trust	53	1.8	67	6	91	–	3	87	144
13	*Baillie Gifford Japan*	*132*	*0.4*	*132*	–	–	*100*	–	*97*	†
6	Mid Wynd International Invest. Trust	78	3.1	103	12	50	27□	11	97	†
	Baring Bros. & Co. Ltd									
71	Outwich Invest. Trust	85	3.8	122	57	21	10	12	114	221
51	Tribune Invest. Trust	152	3.2	201	33	42	13	12	89	244
	East of Scotland Invest. Managers Ltd.									
56	Pentland Invest. Trust	277	3.5	318	53	39	5	3	98	†
	Edinburgh Fund Managers Ltd.									
105	American Trust	92	3.6*	123	31	69	–	–	102	236
32	Crescent Japan Invest. Trust	490	0.4	477	–	–	100	–	99	226
27	General Scottish Trust	98	4.5	130	47	37	12□	4	99	272
4	New Australia Invest. Trust	81	2.2	74	–	–	–	100	121	†
17	New Tokyo Invest. Trust	157	0.0	168	–	–	100	–	95	†
12	Wemyss Invest. Trust	423	6.8	548	39	32	–	29	87	176
	Electra House Group									
461	Globe Invest. Trust	179	6.3	265	68	19	5	8	100	207
60	Temple Bar Invest. Trust	76	7.9	103	95	4	–	1	98	209
	F & C Group									
48	Alliance Investment	129	3.3	179	51	26	15	8	120	282
42	Cardinal Invest. Trust	120	4.3	161	55	25	5	15	106	233
8	F & C Eurotrust	88	2.4	93	13	1	–	86	104	155
395	Foreign & Colonial Invest. Trust	87	3.7	126	40	33	19	8	114	251
55	General Investors & Trustees	110	4.7	157	55	22	5	18	104	†
	Robert Fleming Investment Mngt. Ltd.									
76	Fleming American Invest. Trust	384	1.6	448	2	97	–	1	91	233
24	Fleming Claverhouse Invest. Trust	168	5.9	236	99	1	–	–	100	271
21●	Fleming Enterprise Invest. Trust	157	5.9	208	100	–	–	–	98	238
114	Fleming Far Eastern Invest. Trust	195	1.0	216	2	–	72	26	105	233
16	Fleming Fledgeling Invest. Trust	102	3.2	127	82	14	–	4	94	369
54	Fleming Japanese Invest. Trust	317	0.8*	351	4	1	95	–	97	249
207	Fleming Mercantile Invest. Trust	85	4.6	128	44	38	6	12	96	256
138	Fleming Overseas Invest. Trust	238	4.2	311	23	40	22	15	90	223
64	Fleming Technology Invest. Trust	235	2.6	320	46	41	12	1	98	261
65	Fleming Universal Invest. Trust	202	4.2	296	62	25	5	8	96	214
	GT Management Ltd.									
53	Berry Trust	236	1.1	268	30	35	16	19	120	333
15	GT Global Recovery Invest. Trust	97	3.7	123	17	49	9	25	125	†
31	GT Japan Invest. Trust	497	1.4	419	1□	3	92	4	117	278
18	Northern Securities Trust	328	2.2	427	36	35	14	15	123	293
2	xChild Health Research Invest. Trust	235	–	261	35□	36	24	5	112	†
2	xMarine Adventure Sailing Trust	137	–	184	33□	36	21	10	117	†
	Gartmore Investment Management Ltd.									
15	*xAltifund plc*	*288*	*0.2*	*385*	*93*	*2*	*2*	*3*	*117*	*319*
48	Anglo Scottish Invest. Trust	100	3.6	129	48	44	2	6	104	247
54	English & Scottish Investors	100	2.9*	130	44	43	4	9	113	296
17	Group Investors	187	2.4	216	41	51	4	4	101	299
13	London & Gartmore Invest. Trust	210	1.0	247	24	51	2	23	116	291
17	London & Lennox Invest. Trust	76	3.8	91	42	48	–	10	107	231
48	London & Lomond Invest. Trust	87ac	3.4	109ac	50	43	3	4	114	248
22	London & Strathclyde Trust	112	2.9	136	55	39	–	6	114	268
27	Meldrum Invest. Trust	124	4.3	136	80	19	–	1	100	273
	Gartmore Investment (Scotland) Ltd.									
142	Scottish National Trust	153	3.4	205	53	34	4	9	108	231
36	Glasgow Stockholders Trust	116	3.1	145	46	42	–	12	110	234
	John Govett & Co. Ltd.									
160	Border & Southern Stockholders Trust	108	4.0	160	48	23	19	10	101	224
22	General Stockholders Invest. Trust	213	2.8	295	30	60	4	6	102	212
117	Lake View Invest. Trust	191	3.1	253	35	7	36	22	105	223
118	Stockholders Invest. Trust	200	2.8	262	18	75	3	4	107	226
	Hambro Group									
50	Bishopsgate Trust	128	3.9	181	55	40	4	1	108	245
8	City of Oxford Invest. Trust	143	5.5	191	98	–	–	2	102	248
†	Hambros Invest. Trust	109	4.3	†	†	†	†	†	†	†
8	xRosedimond Invest. Trust	182	–	206	100	–	–	–	–	184
	Henderson Administration Ltd.									
250	Witan Invest. Co.	102	3.0	143	46	32	13	9	105	255
47	Electric & General Invest. Co.	172	2.2	234	41	48	8	3	100	254
16	Greenfriar Invest. Co.	320	1.0	397	43	34	8	15	108	346
13	Lowland Invest. Co.	141	5.1	168	86	6	–	8	99	295
	Philip Hill (Management) Ltd.									
42	General Consolidated Invest. Trust	165	6.1	224	59	36	–	5	97	246
249	Philip Hill Invest. Trust	179	5.5	252	72	25	–	3	97	253
11	Moorgate Invest. Trust	195	6.0	239	93	5	–	2	97	279
62	Nineteen Twenty-Eight Invest. Trust	135	5.0	164	51	45	–	4	97	218
	Industrial & Commercial Fin. Corp. Ltd.									
19	London Atlantic Invest. Trust	119	6.0	166	66	17	–	17	93	243
12	North British Canadian Invest. Co.	138	5.5	173	89	3	–	8	102	272
	Ivory & Sime Ltd.									
173	Atlantic Assets Trust	89	0.5	114	19□	78□	–	3	93	411
187	British Assets Trust	144	4.8	191	29	63	–	8	102	241
99	Edinburgh American Assets Trust	184	0.7	209	10	81	5	4	110	323
84	Independent Invest. Co.	276	0.3	299	14□	81	–	5	87	†
9	Japan Assets Trust	29	0.5	31	–	–	100	–	93	†
43	Viking Resources Trust	75	1.5	100	10	88	–	2	108	273
	Kleinwort Benson Investment Mngt. Ltd.									
56	British American & General Trust	78	4.8	100	45	47	5	3	96	225
64	Brunner Invest. Trust	116	4.1	149	43	47	4	6	97	265
68	Charter Trust & Agency	108	4.9	151	49	40	7	4	99	236
85	English & New York Trust	72ac	4.3	96ac	36	54	4	6	93	229
8	Family Invest. Trust	146	6.2	192	96	1	–	3	96	246
7	Jos Holdings	77	5.3	100	50	35	3	2	99	250
14	London Prudential Invest. Trust	177	4.3	216	59	31	6	4	88	252
108	Merchants Trust	137	4.8	195	44	44	8	4	91	241
	Lazard Bros. & Co. Ltd.									
92	Raeburn Invest. Trust	216	5.2	325	50	35	8	7	93	218
73	Romney Trust	178	3.5	245	30	42	18	10	96	235
	Montagu Investment Management Ltd.									
12	British Industries & Gen. Invest. Trust	180	4.0	229	44	20	28	8	98	174
5	City & Foreign Invest. Co.	91	1.6	121	1	99	–	–	91	†
108	Drayton Consolidated Trust	200	5.9	309	67	24	11	8	94	171
16	Drayton Far Eastern Trust	85	1.4	94	3	–	71	26	98	†
82	Drayton Japan Trust	265	1.6	297	1	8	80	11	98	†
126	Drayton Premier Invest. Trust	260	6.0	397	61	20	14	5	93	†
	Montagu Investment Management (cont.)									
24	English & International Trust	166	4.9	226	60	25	9	6	100	208
12	Montagu Boston Invest. Trust	104	1.7	120	2	98	–	–	93	†
25	xCity & Commercial Invest. Trust	368	–	551	92	3	5	–	128	†
21	xDualvest plc	567	–	848	85	10	1	4	120	226
20	xFundinvest plc	176	–	262	91	5	4	–	117	263
57	xTriplevest plc	417	–	725	82	10	3	5	128	†
	Morgan Grenfell Ltd.									
158	Anglo-American Sec. Corp.	189	3.9	267	40	34	17	9	98	234
49	North Atlantic Sec. Corp.	220	1.8	253	–	62	26	12	96	247
	Murray Johnstone Ltd.									
93	Murray Caledonian Invest. Trust	105	7.5*	143	57	25□	8□	10	96	234
148	*Murray Clydesdale Invest. Trust*	*102*	2.9*	*140*	*33*	57□	7	4	97	234
43	Murray Glendevon Invest. Trust	221	1.9	293	35	37□	18□	10	104	247
58	Murray Northern Invest. Trust	118	2.4*	155	18	16□	29□	37	110	227
161	Murray Western Invest. Trust	131	3.1*	178	28	58□	9	5	90	238
	Rivermoor Management Services Ltd.									
†	London Trust	78	6.9	†	†	†	†	†	†	†
20	Moorside Trust	78	6.4	98	48	44	4	4	96	198
58	River and Mercantile Trust	91ac	6.5	119ac	55	28	3	14	100	256
	J Rothschild Invest. Management Ltd.									
†	RIT and Northern	202	4.7	†	†	†	†	†	†	†
40	Ailsa Invest. Trust	61	4.3	79	36	37	15	12□	94	†
16	Precious Metals Trust	115	0.6	130	10□	61	1	28□	82	†
	N M Rothschild Asset Management Ltd.									
22	New Court Invest. Trust	296	6.3	411	96	1	1	2	105	†
	J Henry Schroder Wagg Group									
44	Ashdown Invest. Trust	288	3.4	396	44	43	6	7	93	240
58	Broadstone Invest. Trust	348	3.2	410	45	47	5	3	94	229
94	Continental & Industrial Trust	390	4.8	538	45	51	–	4	103	240
62	Trans-Oceanic Trust	135	2.7	156	24	64	7	5	96	246
	Stewart Fund Managers Ltd.									
158	Scottish American Invest. Co.	177	3.7	242	39	52	4	5	116	253
9	*Stewart Enterprise Invest. Co.*	*34*	*1.7*	*48*	*35*	*54*	*5*	*6*	*121*	†
	Throgmorton Invest. Management Ltd.									
17	xThrogmorton Secured Growth Trust	198	–	306	100	–	–	–	–	185
92	Throgmorton Trust	155	6.0	211	100	–	–	–	104	282
	Touche Remnant & Co.									
65	Bankers' Invest. Trust	122	4.6	166	66	23	7	4	97	250
24	TR Australia Invest. Trust	154	3.2	170	19	5	1	75	101	196
76	TR City of London Trust	107	6.7	156	90	8	–	2	98	225
336	TR Industrial & General Trust	96	4.5	148	51	22	20	7	104	233
88	TR Natural Resources Invest. Trust	200	4.8	289	55	28	1	16	102	211
64	TR North America Invest. Trust	148	3.0	179	13	86	–	1	106	255
72	TR Pacific Basin Invest. Trust	164	1.7	198	10	5	66	19	101	221
60	TR Property Invest. Trust	102	3.1	133	70	15	3	12	108	212
215	TR Technology Invest. Trust	133	3.5	193	38	38	18	6	102	255
126	TR Trustees Corporation	89	4.8	134	69	22	3	6	105	240
	VALUATION THREE MONTHLY									
30	Dundee & London Invest. Trust	148	4.1	177	71	20	7	2	97	240
5	Lancashire & London Invest. Trust	96	4.3	125	71	29	–	–	73	†
12	Oil & Associated Invest. Trust	89	6.5	119	60	36	–	4	95	190
20	Safeguard Industrial Investment	129	6.5	176	100	–	–	–	98	219
15	Scottish Cities Invest. Trust	280	6.4	431	77	18	–	5	71	†
20	Scottish & Mercantile Invest. Trust	250	3.7	351	71	29	–	–	103	†
30	Yeoman Invest. Trust	187	5.5	239	77	14	4	5	96	247
†	Young Companies Invest. Trust	197	4.6	†	†	†	†	†	†	†
	Ivory & Sime Ltd.									
4	First Charlotte Assets Trust	13	0.6	13	58	42	–	–	96	†
22	North Sea Assets Trust	122	3.3	186	54	46	–	–	91	†

NOTES TO THE TABLE

- † No data.
- x *Split capital* trust (capital shares).
- * Applies to Ordinary/"A" Ordinary only.
- s Does not include special dividend.
- □ More than one quarter in non-equity investments.
- ● More than 20% in securities or other assets included at directors' valuation.
- ac Adjusted for scrip issue.
- ar Adjusted for rights issue.

(a) Cols. 1, 3 to 5 Figures supplied by Wood Mackenzie & Co. members of The Stock Exchange. Col. 1 to nearest £1m; Cols. 3 & 5 to nearest penny per share.

(b) Cols. 1, 5 Statistics simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange. In these valuations listed securities are valued at mid-market prices and unlisted at directors' valuation. All revenue account items are excluded.

(c) Col. 4 *Based on last declared dividend or* firm forecast, plus tax credit, to nearest 0.1 per cent.

(d) Cols. 6 to 9 Percentages of total assets less current liabilities. Currency balances are allocated to the relevant geographical sector.

(e) Col. 10 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent. Further explanation is given in the booklet 'Investment Trusts today.'

(f) Cols. 5, 11 Prior charges and preference share capital deducted at market value; convertible stocks deemed to be converted; warrants treated as not exercised.

(g) Col. 11 Figures supplied by AITC Statistics Service, to nearest one per cent. A full description of the information *shown in this column is given in the* Investment Trust Year Book. In summary, the figures show the percentage changes in the net asset values over the period assuming that dividends paid, excluding tax credit, were reinvested in the underlying assets of the company.

INDICES OF FIVE YEAR TOTAL RETURN

General Trust Average	244
F.T.–Actuaries All Share	247
*Standard & Poors Composite	175
*Capital International World	155

*Adjusted for exchange rate changes.

IMPORTANT NOTICE TO PRIVATE INVESTORS

With effect from Saturday 28th May 1983 the Investment Trust Table will be published in a new easy-to-use sectorised format. The Trusts will be divided into thirteen categories describing the main objective of their investment policy. The new format will highlight the wide range of investment opportunities which are available in the sector to suit every investor.

BOOKS

Greene speaks his mind

BY RACHEL BILLINGTON

The Other Man: Conversations with Graham Greene
by Marie-Françoise Allain. Bodley Head, £8.95. 187 pages

Graham Greene agreed to give this series of interviews because the young author is daughter of his friend, Yves Allain, a French Resistance leader, murdered in Morocco in 1966. The title, *The Other Man*, recalls the epilogue in *Ways of Escape*, Mr Greene's second autobiographical work where he discusses half humorously and half seriously the presence of the "Other" Graham Greene in his life. This man has a physical reality, appearing in the kind of dark corners of the world the author himself is prone to visit. Graham Greene quotes from an Edward Thomas poem on the theme:

"He goes: I follow: no release
Until he ceases. Then I also
shall cease."

Marie-Françoise Allain is using "*The Other Man*" in a more practical sense, a meaning more akin to "The Secret Man," as she entitles her first chapter. She refers to the famous Greene insistence on privacy. This month, as it happens, he made his first appearance on television — at the age of 79. This was part of his campaign against what he describes in the final sentence of this book (the interviews took place in 1979) as the "criminal milieu of Nice." The public activist dies hard. The "Other" that Mlle Allain wants to pin down is the man who held the pen that produced the novels.

But it is clear from Graham Greene's own autobiographical writing that this man has escaped long ago into the web of his novels. There can be no neat separation between the writer and the writings. Moreover since Graham Greene will discuss no detail of his personal life nor any important private relationship over the last 50 years, any ambition to lift the curtain off the private man is doomed to defeat. Nevertheless Mlle Allain is a dogged interviewer and Mr Greene seems determined to give his old friend's daughter some good material. The result is an absorbing read which even survives Mlle Allain's misguided attempt on the first page to liken her distinguished author to a stick of Brighton Rock "which reveals the name of Brighton no matter where you break it." Guido Waldman has translated from the French.

The first half dwells mainly on Graham Greene's travel and political involvement. Yet again one is amazed by his ability to become the conductor of an approaching storm. There is also the ability to make personal a situation by a pen-portrait of some, apparently insignificant, character who has caught his attention and becomes by this means a channel for our understanding, just as a fictional character does in a novel. Accused by Mlle Allain of travelling in a cold-blooded way for research purposes, he points out that some of his most dramatic experiences have never turned themselves into fiction. He gives as example his visit to Malaya during the Emergency and his travels in Kenya during the Mau Mau uprising. Which is, of course, no real answer.

One is reminded again of *Ways of Escape*—in more ways than one. There, he pinpointed the therapy of writing and travel as a perfect combination to defeat the devils of boredom and self-disgust. Here, his answer to why he travels so much, becomes simpler: "Curiosity. Curiosity."

Graham Greene admits with his usual charm that he distrusts too great an understanding of the self. Let the Other

Marie-Françoise Allain: keen questioner

roam free or the magical side of writing may disappear. In contradiction, his youthful experience in analysis has given him a respect for dreams which he will often note on awakening and has on occasion used in his writings. *The Honorary Consul* was inspired in this way. He says, "I work closely with my unconscious but I still don't understand how it works."

From the unconscious to religion is a short step. God, he defines, as "a mystery, an inexplicable force." Asked whether faith gives an additional dimension to writing, he answers,

Human being are more important to believers, than they are to atheists. If one tells oneself that man is no more than a superior animal, that each man has before him a maximum of eighty years of life, then man is indeed of little importance.

He goes on to explain the "flatness" of the characters created by E. M. Forster, V. Woolf or J. P. Sartre in comparison with the vitality of those created by Joyce, Balzac or Dickens as due to "the absence of the religious dimension." This attitude has presumably won for him the label of "Catholic writer" — a label he rejects vigorously, pointing out that his mentor Cardinal Newman, refused to admit such a term. There can only be a writer who happens to be a Catholic.

Personally, I found these more literary discussions the most interesting in the book, though I wished Mlle Allain had taken Mr Greene through some of his later novels with more detailed questions. She does not, for example, pick up his passing reference to a priest he travels with in Spain to investigate further the origins of *Monsignor Quixote*. Her own interests are clearly more political, geared to extracting his view that England is "stifled in its everlasting parish-pump mentality." She does try to steer him onto the

Graham Greene: talking to friends' daughter

difficult matter of sexuality. He manoeuvres quickly from himself onto the matter of fiction, saying that "pornography" which is how he refers to descriptions of sexual acts, does nothing to "advance the story" but merely attracts the reader "towards very trivial points."

Graham Greene reinforces this statement by citing the reader response to the "pornographic scenes" in Henry Miller's work. "It is not the characters that interest them but their own arousal." In other words, the author has had to relinquish his God-like role which gives him total control.

Clues to the "mystery" and "inexplicable force" that create a writer like Graham Greene are always welcome and on that level Mlle Allain's offering can be placed alongside *A Sort of Life* and *Ways of Escape*.

Gone West

BY JOE ROGALY

The Squandered Peace: The World: 1945-75
by John Vaizey, Hodder and Stoughton, £8.95 (paperback) £14.95 (hardcover), 455 pages

The odds appear to be in favour of the proposition that the world will blow itself up before very long. John Vaizey's book tries to tell us how we stumbled into this terrible situation; it does not pretend to suggest that there is a way out.

The "how" is relatively straightforward. Roosevelt's misjudgments at Yalta, born of too great trust of the Russians and too simple mistrust of the British, could not be retrieved at Potsdam when new players, Truman and Attlee, came in for the West in the closing minutes of the final half. The postwar world was set: Stalin had his East European colonies, while the West Europeans started on the road that unburdened them of their possessions in Asia and Africa.

Misconception was the universal weakness. It did not take long for statesmen like Churchill to proclaim the intentions of the Soviet Union, but it took many decades—perhaps until the Gulag was fully revealed—for some intellectuals of the West to see the point. On our side the basic insecurity of the Russian position, and the consequent effect on their national psyche, has never been properly allowed for: it is at least arguable that a neutral, unified Germany on Austrian lines might have created a more reliable political sense of security (of far greater real value than military counterbalance) than has a divided Germany with superpower bases in each half.

The West did not perceive the divisions within the Communist world until Mao made them clear, even though Stalin had supported Chiang Kai-shek during the war. It could not see that the French attempt to recolonise Indo-China was foredoomed, or that the U.S. attempt to retain half of Vietnam was doubly foredoomed: nor did anyone, apparently, have the vision to arrange that Ho Chi Minh be built up as an independent-minded nationalist, at the very least a Tito of the East.

So the "how" is a quick, if depressing read: a potted history of the first 30 years after the War—flawed, perhaps, by its inevitable reliance on secondary sources — but even so, useful for everyday reference. The interesting part, however, is the "why." Why are we in the present mess? Can we get out?

John Vaizey is ready with the answer to the first part of the question. "I blame America," he says flatly. "The central weakness of the West was for its biggest and most liberal state to fail to give a lead."

This is not the anti-Americanism of mixed-up Western Europeans or bitter "anti-colonialists." It is rather the sad reflection of one who sees the central position occupied by Washington, and wishes that Washington were a better master of grand strategy. In the ideological game the Marxists have had it all their own way; it might have been different if short-term perceptions (the wealth of South Africa, the power of the Zionist lobby, see-sawing relations with Chinese nationalists or Iranian dictators) had been set aside for a defensible American position on totalitarianism and authoritarianism wherever found.

One does not have to be a soft-headed Jimmy Carter to support this line; all that is required is to attempt, at least, a long-term consistency of purpose. In open societies "Realpolitik" fails if it is not infused with a sense of purpose.

Those who shrug and say that open societies are by their nature subject to frequent tactical changes as governments change and elections come and go are in effect saying that a dreadful fate, feared by so many, is inevitable. Perhaps it is—but if the Americans could only elect Presidents with greater cunning, and better awareness of the way of the world, it need not be. We cannot change the nature of the Soviet character; we can but hope that Washington will produce a world leader with a mind able to take in more complicated notions than shoot-outs between goodies and baddies.

Shah's man

BY TERRY POVEY

In The Service of the Peacock Throne: The Diaries of the Shah's last Ambassador in London
by Parviz C. Radji. Hamish Hamilton, £12.50, 343 pages

"... My assignment began, and ended inauspiciously. There was Amirteymour's death on arrival; and now, as I leave, the Shah has departed, the monarchy is endangered and Iran is in the grip of revolutionary turmoil."

So begins the last entry in the diary kept by Parviz Radji, the last Ambassador of Imperial Iran to London.

The death referred to was that of Mr Radji's predecessor in the London Embassy. For, less than 24 hours after Mr Radji arrived in the UK to take up his new assignment, Ambassador Mohammed Reza Amirteymour was found dead. The Iranian authorities said at the time that the death was a case of suicide, caused by gambling debts (put by Mr Radji at around £1m). No autopsy was ever performed in the UK and under the cover of diplomatic immunity the body was quickly returned to Iran.

The inauspicious ending is better known.

For many Mr Radji's book will be an unsurprising record of the doings of a diplomat, apparently far removed from the growing pressures for radical change in his own country, leading a very full social life. Mr Radji served in London from June 1976 till January 1979.

Yet while the diaries tell one little about Iran and the mass rebellion by millions of its people against the dictatorial rule of the late Shah, they have much to tell about the way the old order worked and the way that those who ran it thought.

Mr Radji, one of the gilded youths of the imperial order, joined the Prime Ministers office (under Premier Amir Abbas Hoveda) in the mid-1960s at the age of 29. From 1965 until his London appointments, he served Mr Hoveda (later to become one of the first victims of the Islamic regime) with the exception of three years in the office of Princess Ashraf Pahlavi, the Shah's twin sister.

It was Mr Radji's close association with the Princess that enabled him to land the plum London job, something of a surprise to both the incumbent and career diplomats. In his diaries Mr Radji speaks in glowing terms of Princess Ashraf, a woman to whom even ardent supporters of the monarchist cause have never warmed.

In spite of the rhetorical obsession with "foreign in London, like its counterparts elsewhere, spent a great deal of time and money spying upon the various opposition groups throughout the time Mr Radji was at its helm. Several times in the book Mr Radji refers to meetings with Colonel Moinzadeh, "my head SAVAK man," who controlled the secret police's operations in the UK from within the Embassy under the cloak of diplomatic immunity.

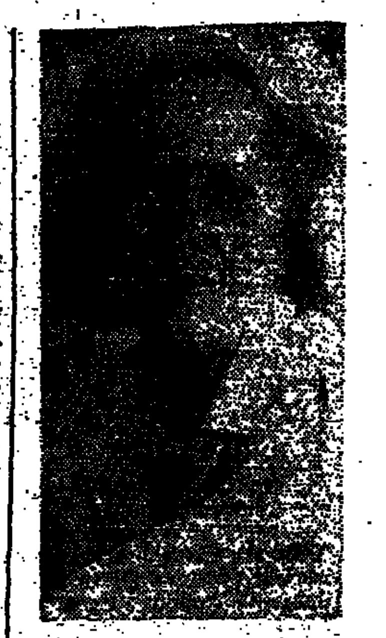
Within a month of Mr Radji's appointment, Iranian students published documents stolen from the Consulate in Switzerland revealing among other things, that Colonel Moinzadeh was to co-ordinate surveillance of opposition activists, searching their homes (presumably without permission), and to keep a special watch on members of Parliament known to be anti-Shah. William Wilson and Stan Newens were singled out to have their homes watched. According to Mr Radji at the time the charges were, "preposterous. We have no SAVAK operation here." In the diary the incident is recorded without comment in eight lines.

In the same month a second secretary in the London Consulate was discovered to be operating an agent inside one of the Iranian student groups. The hapless agent had been forced into aiding SAVAK by pressure, both physical and financial, on his family and himself.

More than a year later, in late 1977, the student section of the Consulate was found to have financed a "research project" aimed primarily at establishing the whereabouts of all Iranians studying in the UK. According to Mr Radji Press reports of the affair were "totally inaccurate." The academic from the University of Kent involved in compiling the list destroyed his records when informed of the use to which they could be put.

The dairies also detail relations with the foreign Press and Mr Radji's no doubt genuine confusion over the failure of his superiors to see the writing upon the wall in Tehran. Like latter day Neros and Romanovs they are presented as fiddling while their empire burned.

The published extracts from the diaries rest for their credibility largely on an assertion printed on the book's cover that they are "utterly truthful, edited with no particle of hindsight." If this is true then the book presents a useful record of the unreformability of the Pahlavi régime, its imperviousness to the attitudes and policy ideas of the well intentioned, among whom Mr Radji,



Maggie Ross: remembering Kafka's mistress

Fiction

Allies apart

BY ISABEL QUIGLY

Milena
by Maggie Ross. Collins, £8.95. 280 pages

The Tiger, Life
by Sarah Gainham. Methuen, £8.95. 415 pages

The Diary of a Good Neighbour
by Jane Somers. Michael Joseph, £7.95. 253 pages

Milena, in which the heroine is making a collage from first page to last, uses a kind of collage technique, connecting past and present, cutting out pictures from this or that world, decade, historical moment.

The real-life Milena was Kafka's translator from German into Czech. She was also important to him for some years but, like all his relationships with women except, I think, one, his with her died. She struggled politically after Hitler's takeover in Czechoslovakia, ending in Ravensbruck, and a woman who was there with her wrote a book describing their friendship, and Milena's personality, illness and death. A recent radio play about her gave her a vivid, vehement presence.

Milena's life across the terrible centre of our century, at its tragic navel, Prague, obsesses the heroine of Maggie Ross's novel, Amy, who plans a collage about it and begins, very tentatively, to work on it. While she lives imaginatively in Milena's almost unimaginable past, she is, in today's world, being taken over, mostly by correspondence, by a man called Frank, a Jewish writer with a presence, nature, writings, illnesses, obsessions, family and relationships that seem exactly similar to those of Franz Kafka.

Maggie Ross won the James Tait Black memorial prize for *The Gasteropod* some years ago. Here, her writing is so good within its idiosyncratic framework that one accepts the idiosyncracies of form and transpositions of time and even character. The whole thing—Amy's collage, Maggie Ross's plot, the all-too-recognisable Frank/Franz—seems to be asking how art and life can be reconciled.

There are no gaps and precious few ironies, in Sarah Gainham's *The Tiger, Life*, a realistic conjuring of an extraordinary time and place, post-war Berlin. Rose is married to Freddie, a high-powered and unpleasant newspaper correspondent and part-time secret agent; she meets Francis, another journalist, younger, handsomer and nicer, with whom she has a passionate affair. In between are several sub-plots involving the secret lives of people whose past and present are generally suspect. The other characters in the forefront, journalists and administrators in the curious world where for a spell the Allies ruled supreme over a corrupted defeated people, are strong and often vivid: the sense of place is powerful; there's much discussion of the sort journalists go in for, and you pick up a good deal of factual knowledge of, even atmospheric familiarity with, the shattered post-Nazi city.

Very small-scale by comparison, a likable, unpretentious little book is Jan Somers' *The Diary of a Good Neighbour*. Between the paid Good Neighbours (some say busybodies) who come along and organise the old and feeble, and the unpushy good-natured others who are just old-style neighbours and do what they can, there's an ever-increasing gap.

It's a moral story, readable and often funny, with good points to make and a warm heart at the centre of them.

The price of *The Use of Public Power* by Andrew Shonfield (Oxford University Press), reviewed on April 2, is £9.95.

The right mix of investments, liquidity, pension and insurance protection should be the aim in assessing individual financial affairs

When doing your homework is vital

BY ROSEMARY BURR

CHOOSING THE right savings products is becoming increasingly difficult. Investors are bombarded with a proliferation of offers purporting to provide unique opportunities to multiply their money.

Nearly every week a handful of schemes are launched. Few are original in conception but the sheer number of almost identikit products is confusing enough.

As one chief executive of a leading insurance company admitted candidly, "I can't say my product is any better than the next company's. It will depend on our future investment performance and we don't even know for sure who will be running our investment portfolio in say, ten years' time.

So for the individual it is often better to concentrate on getting the right mix of investments, liquidity, pension and insurance protection rather than concentrating too hard on trying to back the elusive number one performing company.

This is not to say that past performance should not be examined as a guide. But an extrapolation of past experience is not the same as a prediction.

Investment is not a science and there are, therefore, no simple solutions to arranging your financial affairs. The most important consideration is that you do in fact try to plan for the future and map out a financial strategy that will cope with the changing circumstances during your lifetime.

At this stage enter the key player, the financial adviser. Anyone in this country can offer tax and financial advice, so it is essential to choose someone suitably qualified who belongs to a professional organisation with a code of ethics and disciplinary procedure.

The choice of investment manager is wide, varying from the man in the High Street to some of the largest managers of both institutional and personal money in the City. Different groups of professionals are busy vying for investors' custom and it is often virtually impossible to compare the costs and quality of advice.

Some investment managers charge a flat percentage fee depending on the sum invested while others, such as insurance brokers, appear to give free advice but are remunerated by commissions based on sales. Still others such as accountants may benefit from both the customer, digging into his pocket, and the company, passing back commissions.

Once you have picked a suitable investment manager the standard of advice handed out is by no means certain. The Government is considering the introduction of new rules on licensed dealers in securities which would for the first time include a measure of quality control.

Huge gaps

Under these rules, which are designed to clamp down on fraud and provide the investor with a higher standard of care, licensed dealers would be required to provide reasonable advice for each customer. For example it would be considered unreasonable to put a pensioner seeking income into a high risk growth stock on the USM.

Even if these more stringent rules on licensed dealers in securities are introduced, however, there are still huge gaps in the web of protection afforded to investors. Professor Jim Gower is preparing his final report for the Government on the whole savings industry and how it should be regulated. He is known, for example, to be concerned at the dearth of statutory regulation in commodities.

A complete report from Professor Gower with a draft Bill attached is expected by the end of the year. However, with the possibility of an election hanging over the whole scene it is unclear at this stage whether this will ever be enshrined in statutes.

Much will depend on the political colour of the next Government. The current Conservative Government, and in particular Dr Gerard Vaughan, the Minister for Consumer Affairs, is a strong proponent of self-regulation. Dr Vaughan, for example, supports the moves by insurance salesmen to develop their own system of licensing.

Dr Vaughan thinks that it is up to the individual to look out for himself or herself. Indeed, given the current lack of comprehensive and up-to-date statutory protection for investors *caveat emptor* is the message.

So what should clients look out for? First, when it comes to individual products as a rough rule of thumb the more extravagant the claims the higher the risk. Anyone who has discovered a sure fire way to double his money in two years is hardly likely to be broadcasting it to the world.

Second, check the background of the company which is launching the particular scheme you are considering. A guaranteed bond is only as secure as the company which sells it. Particular attention should be paid to offshore companies which operate outside the supervisory eye of the Department of Trade.

Third, investments described as "unique opportunities" often turn out to be far from unique. Fourth, beware of someone who tries to sell you any investment product without first ascertaining your individual needs and details of your financial affairs.

A building society account, for instance, may be ideal for an employee considering buying a house but is inappropriate for a pensioner paying no tax.

If you decide to take the plunge and hand over the running of your financial affairs to a professional it is necessary to do some homework. Before you even step outside your front door decide how much money you wish to invest, what your aims and objectives are and what, if anything, *you do not* wish to invest in.

Many people turn up at their first interview with an investment manager unaware of their assets, and unclear in their own minds as to what they expect out of the encounter.

Having sorted out your requirements try to track down an investment manager whose approach and philosophy are in tune with your own needs and ideas. Although personal recommendation may be a good method of finding a financial adviser don't be mesmerised by fast talk from someone you meet in the pub.

Before you hand over your money to investment managers it is essential that you have satisfied yourself of their ethical standing and financial expertise.

Try to find out something about the company's track record, preferably from an official source. Get a copy of the company's report and accounts. This will give details of its directors and the company's financial position.

Warning sign

If no up-to-date accounts have been filed, the report is qualified or the auditors have resigned then this should be treated as a warning sign. A company that cannot manage its own affairs smoothly is hardly one to which you should consider giving your hard-earned cash.

If you have satisfied yourself that the company's financial pedigree is of the finest, the next hurdle is scrutinising the management agreement. Don't be put off by glib phrases about management agreements being superfluous; they are essential and should be read with extreme care.

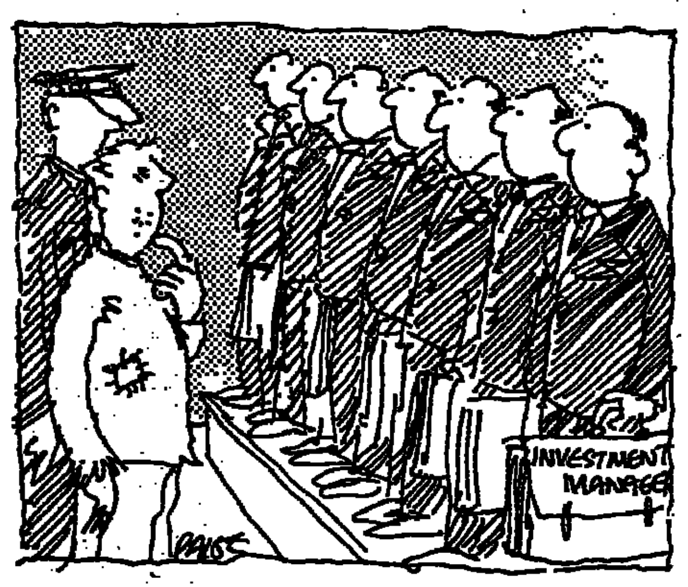
Unfortunately many management agreements are written in legalese which makes them virtually incomprehensible. Don't be afraid to seek legal advice if need be. It is better to be sure at the outset than sorry at the end.

Things to check in the management agreement include:

- Terms under which the money is to be managed including a list of selected investments.
- Timing and adequacy of managers' reports.
- Costs. Are fees paid in advance? Are you charged the actual rate for a share transaction, for example, or the standard rate?
- Separation of clients' funds from company.
- Company's internal security system.
- Whereabouts of any stock held on your behalf.
- Whether you get interest on uninvested cash.
- Does the company have indemnity insurance?
- External controls over company such as independent audit.

It is important to make sure all these details are formally included in the agreement. In the unlikely event of a court case it may be insufficient to argue that you relied on information in a brochure.

Do remember to keep tabs on your investments. No investment manager worth his salt should be cross if clients question his advice and take a lively interest in the proceedings. You, after all, have only your best interests at heart.



Start with a will . . .

Planning over a lifetime

CLIVE WOLMAN

THE NEED to draw up a personal balance sheet of assets and liabilities, current and anticipated, normally becomes most pressing at the moments in a life-time of greatest joy or anguish: a marriage or a divorce, the birth of a child or a bereavement, the purchase of a house or the loss of a job, the receipt of an inheritance or an impending retirement.

With such a variety of investment opportunities now being marketed to the general public, and with the taxation of returns from investment and of gifts *growing ever-more complex*, professional advice should always be considered. And there is plenty around, of varying quality.

Free advice can often be worse than none at all, because it is likely to be given by someone who will take a commission if the inquirer invests in the schemes he *advises*. *Watch out*, in particular, for firms who offer general financial services and advice and wax enthusiastic about life assurance policies. The chances are that they will also be insurance brokers.

Stockbrokers, too, have a temptation to emphasise the attractions of investment in equities. Even your bank manager may have a pre-disposition towards the in-house unit trust or insurance brokerage services provided by his bank and he is unlikely ever to recommend a building society account.

The most impartial advice will probably come from someone who charges a flat fee, or at least gives an estimate of his *likely charges after an interview* with the potential client—and agrees to deduct from the fee any commission he may earn.

Several of the larger accountancy firms, merchant banks and fund management companies have departments specialising in personal financial planning that charge on such a basis. There are also firms that specialise in giving financial advice to personal clients.

Impartial advice, however, does not come cheaply. Such firms usually charge between *£30 and £60 an hour for their* services. A family with total assets of £100,000 including a house (net of mortgage) and accumulated pension rights may face a bill of £1,000 plus if its financial affairs are in a particularly chaotic and inefficient state. But £300 to £400 is closer to the norm—and that is before deductions for commissions which can sometimes wipe out the bill entirely. In addition there may also be legal fees if, for example, trust deeds have to be drafted.

When drawing up a personal balance sheet, single out those future *outgoings* which you would regard as essential. These will normally include the repayment of a mortgage, a retirement income and some provision in case of death (at least if you have a family to worry about).

Provision for these should be made through low-risk invest*ments which offer a secure* positive real rate of return after inflation-adjustment.

Tax concessions give an assured advantage over all others to two investment media pension funds and life assurance. Employees are permitted to put up to 15 per cent of their earned income into a pension fund and claim full tax relief on the amount—if you are putting in less at present, consider making additional voluntary contributions, if your company's pension scheme allows it. For the self-employed, the limit is 17½ per cent.

Life assurance schemes are, despite their names, primarily a form of contractual savings lasting for a minimum of either ten years or, with a few complications thrown in to satisfy the taxman, *four years*. The pure insurance element is minimal. Investment in them is risky in two ways: a long-term commitment, in the form of regular payments, is necessary for the full benefits to be reaped and only a nominal return is guaranteed whose real value could be wiped out by a period of high inflation.

The gross annual returns from assurance companies has *frequently been poorer than* those of unit trusts or even than of building societies, but the tax breaks are sufficient usually to make up for their shortcomings.

Life assurance policies are particularly attractive if you envisage incurring a large item of expenditure in the longer-term, for example, providing for a child's school fees or for his/her marriage or for a move to a larger house. But even if you have taken out a set of policies which you now regret, be wary of following a broker's advice to surrender them all and start afresh.

He will probably gain a handsome commission from the exercise but your costs may be cut considerably by undertaking a more modest re-organisation of the existing policies.

Even if taking out a life assurance policy has little to do with contemplating the prospect of death, drawing up a will has. This is perhaps why most people don't give the matter sufficient thought.

As Mr Ron Simmons, of the personal financial planning consultancy firm Grant Simmons, said: "Most men don't like to think about what will happen when they die, so they just say that everything should go to their widow. But they ought to consider the tax position not only when they die but when the widow dies."

He took the example of a man earning £15,000 a year who dies leaving his wife all his assets. With death benefits of, say, £60,000 (four times his salary), a house of £50,000, £25,000 of personal savings including life assurance policies, and £15,000 of personal property, his total estate of £150,000 would pass to her free of capital transfer tax. But when she dies, the children's inheritance might be slashed by the payment of as much as £40,000 to £50,000 in capital transfer tax.

The liability to capital transfer tax can be drastically reduced by making full use of the variety of exceptions and concessions that are available. These include the £3,000 annual exemption on lifetime gifts, the £60,000 cumulative lifetime nil rate band, the exclusion from the cumulative total of any gifts made more than 10 years before death or any subsequent gift and the exemption granted to the "bounty" element in an interest-free loan.

Further possibilities are raised by the setting up of trusts to which you can transfer money and yet continue to control by appointing yourself as trustee. The trust was first employed in medieval times as a method of avoiding feudal dues and, even today, 700 years later, it continues to generate tax avoidance schemes.

PERSONAL FINANCIAL PLANNING—2

Buying shares on overseas stock markets can be rewarding but it needs a sophisticated approach

Adventure trail for the risk takers

INTERNATIONAL investment has always held an appeal for the more adventurous minded investor but one has to beware of being dazzled by the glamour and of failing to see the many pitfalls.

For most investors the British investment scene presents enough headaches to call for professional advice. Investing *overseas multiplies these* problems and throws in currency fluctuations for good measure.

As with domestic investment the success of investing abroad can only be truly measured by the returns in the hands of an individual investor as dependent upon personal tax and other circumstances and needs. For everyone the risks involved must necessarily be higher than for a domestic investment.

International investment

C. CAMERON-JONES

For example in 1982 most of the world's major stockmarkets enjoyed a boom, particularly in the second half of the year. Despite the plight of its *economy the U.S. equity market* produced the best returns.

The *weakening* of sterling, during the period which produced overall market gains of some 22 per cent, led to more than 18 per cent appreciation of the U.S. dollar, thus producing a total gain of some 44 per cent.

By contrast last year was disastrous for the Hong Kong market. An investment there would have fallen by 37 per cent, offset by a currency gain of only 3 per cent. At another extreme, among the small stock markets Mexico's fell locally by a *quarter.* Take into *account* the 79 per cent devaluation of the currency *against sterling* and the cumulative decline was *more than* 84 *per cent.*

Bearing in mind the added *complication, including the* various dealing costs and rules, *international* investment can only be justified if the actual returns exceed a similar but far less exposed investment at home.

In sterling terms the effective advance of an investment in U.S. equities was still great enough to show growth against ordinary shares in the UK. Measured relative to the FT Actuaries all-share index the increase was near 12 per cent.

Of all the world equity markets the largest increase over 1982 was recorded by Sweden with a 64 per cent increase. But here a near 11 per cent devaluation of the Swedish krona against the pound left the gain at 46 per cent. Relative to the FTA index the return emerged *over 13 per cent* better. If, for reinvestment reasons, the gain had been taken in dollars the devaluation was approaching a quarter.

These movements all relate to investments held for a full 12 months. The story would have been different, of course, with a different timing. In the case of the U.S. and Sweden the *growth came in the second six* months while for the UK it was throughout the year while Hong Kong went into a sharp decline after reaching a peak for the year in June.

The performance pattern of the markets, however, was not matched by the timing of the exchange movements. The most significant declines in sterling and the U.S. dollar *did not* occur until early November.

During November and December the Japanese yen recovered strongly, helping to turn round the otherwise negative returns on shares held there. More recently, sterling dived to an all time low, near US$1.45 at the *end of March, before regaining* some ground, though it is likely to remain a *long way from the* US$1.93 when it entered 1982. Yet both the London and Wall Street markets have continued a boom.

As always, therefore, the principle of spreading risks applies to successful investment overseas to smooth out market and currency *fluctuations, if the* direct investor is not to have *many* sleepless *nights.* The world markets never sleep for as one closes another is opening which may respond to the trend of the markets just closing or set its own course.

A factor that has to be remembered is that equity markets tend to reflect future *expectations. If this were* not the case the U.S. and the UK markets would not have been surging when both these economies were in the depth of recession last year.

Currencies on the other hand are more influenced by interest rates which are very often a *direct reaction to* existing economic conditions.

In 1982 interest rates in both the UK and the U.S. were edging down from their historic peak of the previous two years, but they were still comparatively high in response to inflationary pressures. Rising interest rates may *also* be a result of a defensive action to support a weakening currency.

Whatever the reason, Governments and other institutions *competing to raise money* through the bond markets must make their wares equally or more appealing than time deposits. It was not surprising then that the U.S. and UK bonds offered the highest yields in the key world markets with the exception of France.

It would appear much easier therefore to invest in foreign bank *deposits* or near cash instruments offering interest while also taking advantage of currency fluctuations than to become embroiled in the vagaries of the overseas equity markets.

It was to offer this service that over the last two years there *had been a steadily growing* list of international currency funds. Most offer investment in cash or near *cash* instruments in the five major currencies of the U.S. *dollar,* the German deutschemark, sterling, the French franc and the yen either as self-switching funds or on a managed basis with a slightly higher fee.

The attraction of the funds to the small investor is that they can secure the higher interest rates normally only available to the very large depositors. Minimum investments start at £500, but certain funds are aimed at the corporate or institutional investor with minimums up to £100,000.

The managers of these funds usually have a track record with other funds with which to judge them. After that selection, particularly of the newer funds, comes down to comparing fees.

Unfortunately because of a variety of fee structures, some of which are a simple monthly percentage of the sum invested and others *involve entry fees* and switching charges, this is not so easy.

Some funds offer a broader range of currencies, including Dutch guilders, Swiss francs and Canadian dollars, and funds that deal in more exotic currencies can be expected, but at no time *should one lose sight* of the risks, particularly with currencies in countries less stable politically and financially than the major Western markets. For the less adventurous or agile, but with a yearning to taste the international financial or equity markets there is always the unit trusts. There is now a wide *range offering* a portfolio invested in overseas markets from the general international variety to the Far Eastern or American markets or more specifically one invested in a single market such as Hong Kong, Japan or Australia.

Last year it was a U.S. invested unit trust that came out on top with a near 65 per cent *gain for those investors who did* not mind missing the scent of the chase.

Ups and downs of shares and sterling: came right for the U.S. investor, double blow for the Hong Kong buyer

Strong competition for the top saver's purse

IN THE past few years a growing number of institutions have *turned their attention to the* needs of the individual depositor. Both the clearing banks and building societies now face tougher competition for the saver's purse than at any time in recent history.

Two factors have boosted this pressure in the savings cauldron during the last 12 months. First, the Inland Revenue in a remarkable volte face last September backed away from confrontation with investors in roll-up funds.

Roll-up funds enable clients' *investment income to be rolled* up into capital gains. Offshore *roll-up funds* had been virtually dealt a body blow when the Inland Revenue decided to assess investors in these funds on the basis that they had unearned income.

However, last autumn the mandarins from Somerset House changed their minds. Investors and fund managers alike breathed a sigh of relief. Ad*vertisements for various* offshore currency funds began to appear with growing regularity.

Some tax advisers warned clients that the Chancellor might move to squash the funds in the Budget but this fear proved mistaken. It now seems that as long as the roll-up funds do not become the exclusive province of a few wealthy people the *Inland Revenue will* look away.

From the investors' point of view the sterling roll-up funds have two main advantages. There is the much vaunted tax break. Since the taxman now adjusts capital gains for inflation clients pay 30 per cent less indexation abatement instead of between 45 per cent and 75 per cent on *investment* income.

In addition the return is greater than on an ordinary deposit account as the client obtains a rate only marginally beneath the wholesale money market rates on the fund. The management fees on these type of funds are relatively small, *although this is a factor* worth checking when choosing a roll-up fund.

The second major factor which has intensified the battle for deposits has been the launch of higher interest deposit accounts by merchant banks. These simply reward bigger savers by *giving* them a gross return which is closer to the wholesale money market rates than that normally given to ordinary depositors.

By far the most successful entrant in this field has been the Save and Prosper high interest account. This account has now passed the £100m mark and the novel combination of a chequebook plus higher interest for those with at least £2,500 to deposit is clearly proving a winner.

Schroder's seven day account which offers similarly juicy returns but does *not* give depositors a chequebook has proved far less successful. Admittedly Schroder's has adopted a lower profile in the market place but it seems that Save and Prosper *has come up* with a genuine winner.

The *only proviso* for would-be depositors in the S and P account is that it pays to watch the rate carefully. Unlikely Schroder which states interest will be a fixed margin beneath money market rates, Save and Prosper gives no such guarantee.

High interest deposits

ROSEMARY BURR

The coming year is likely to see at *least one more higher* interest account emerging from the Hambro Life stable under the Dunbar label. This is expected to be more innovative than the Save and Prosper account and could well offer a guaranteed line of credit as well.

Money market funds have been around for many years but they too have benefited from the recent surge of interest in alternative deposit vehicles. These funds provide a similar service to the investors giving them a higher gross return than available on an ordinary deposit *account but they* are off-balance sheet.

The Bank of England is keeping a watchful eye *over* the growth of both money market funds and higher interest accounts. It has laid down strict regulations which managers offering both types of product must adhere to.

Anyone interested in placing their money in a higher interest vehicle should be sure they are aware of exactly what type of commitment they have made; what protection is available in the *unlikely event of a default;* how quickly they can have access *to their money;* and how frequently interest is paid.

When shopping around for a home for your money do make sure the interest rates you are looking at are indeed comparable. There is no legislation which lays down rules for describing the rates offered to depositors and it can be quite tricky to make rational decisions on the basis of *differently* formulated rates.

For the future it seems unlikely that the clearing banks will sit idly by watching some of their best customers siphon off funds to merchant banks, money brokers and life assurance companies.

The clearers in the past 18 months have begun to fight back against the *building* societies albeit slowly and with reluctance. Now they have to face another threat at a time when they are being forced to rely on costly money markets for a growing proportion of their funds.

PERSONAL FINANCIAL PLANNING = 3

If you can sidestep the demands of the taxman your investment potential increases sharply

When to steer for tax havens

Working abroad

TERRY GARRETT

MOST people who go abroad to work do so for one overriding reason—money. For many it is the only chance to accumulate a sizeable "cash pot" free of British income and capital gains taxes. Inevitably the business of providing financial advice and investment schemes for British expatriates has turned into a real growth industry.

A survey carried out by the specialist expatriate magazine, Resident Abroad, showed that more than half its readers regularly invested sums of over £500 a month. That survey was carried out some time back and inevitably the figure would be higher today with many expatriates having as much as £1,000 a month surplus to requirements.

Before any investment considerations can be played out, the individual has to take stock of his tax position. Someone who is only going out of the country for a short while faces few problems. Assuming that at least 30 days have been spent working overseas then the Inland Revenue will allow a quarter of the income relating to that time to be free of British taxes.

The tax man's ambition is to tax any income belonging to a UK resident no matter where it arises and to tax any income arising in the UK no matter to whom it belongs. Sidestep him and your investing potential is substantially increased.

To be considered resident for tax purposes a person has to be actually in the country for at least part of the year. If he is in the UK for 183 days or more in a tax year he is considered to be a resident. He will also be considered a British resident if he visits the UK in four consecutive years and his average stay is three months or more.

A non-working expatriate will also be considered resident if he retains accommodation in the UK no matter how brief his visit to Britain and regardless of whether he actually uses that accommodation. An expatriate working full time overseas need not concern himself with this worry though the provision will apply if the person owns, or is a partner in, a business mainly active overseas but with a branch or permanent establishment in the UK.

Having sorted out the tax angles—remembering to try and avoid taking any capital gains before establishing non-residency, if assets have to be sold—the next move is to consider investment strategy.

Before turning to investment—while exchange controls no longer exist in Britain they do in some other countries so anyone moving into one of these areas must make sure to have only enough paid to him there to cover his living expenses. The rest should be diverted to a control free area, for the British the tax havens of the Channel Islands and the Isle of Man are ideal.

In his latest book "Working Abroad, The Expatriate's Guide" David Young says the expatriate's first priority should be to get adequate insurance cover. Only then should be consider what investments to make though no moves should be made for six months—at least no investments of a regular nature. Mr Young argues that even with the most generous salary it takes six months before the new expatriate stabilises his spending and can judge how much regularly to invest.

During the first half year of working abroad surplus funds should be put away on deposit with a bank so they will be readily available for investment.

The expatriate, just like any other investor, has to consider his investment portfolio in terms of performance and tax efficiency. Many of his traditional investment routes as a British resident are no longer viable once non-residency has been established. Most expatriates are uninterested in income but concentrate their efforts on capital appreciation.

Initially a cautious approach is a must. Only when the investor has built a sound base portfolio should he consider taking on more speculative holdings.

Probably the first investment should be geared towards one of the offshore gilt or fixed interest funds, though the investor should quickly step forward when it comes to international equity funds geared towards capital appreciation, again offshore. The next step might be to aim for a more direct stake in one of the major markets catered for by offshore funds such as North America or Japan. The choice of funds is seemingly endless—equity, fixed interest, specialist by area or type, commodity and currency.

The best move is to seek professional advice to get a tailor-made portfolio. The UK clearing and merchant banks are an obvious port of call. They all have plenty of expertise in guiding the expatriate investor and they will be represented in the tax havens which is an obvious advantage.

Unless the investor has a considerable amount at his disposal—say £50,000 and above—he is unlikely to get a personal investment service.

Nevertheless, whatever the expatriate has to save he should shop around to get an idea of what is on offer, how much it costs and what past performance has been. The golden rule must be to get sound advice and the expatriate will need it just as much when planning to return to the UK as when he was planning to depart.

A look at the similarities and differences of these two markets in shares

The basic difference is marketability

Quoted and unquoted companies

DOMINIC LAWSON

ARGUMENTS ABOUT the relative merits of investment in quoted or unquoted shares must revolve around the question of marketability. The basic distinction is that unquoted, or private companies place restrictions on the transfer of their shares, whereas shareholders in quoted or public companies are completely free to buy and sell shares in their company on the stock exchange.

Unquoted shares are often referred to as "unlisted." This tends to cause confusion because in November 1980 the stock exchange created the unlisted securities market. The USM is currently high fashion with investors, but the title is extremely unfortunate since in one sense the shares on it are actually listed—that is, they are quoted on the stock exchange's daily official list. Moreover in almost every respect shares on the USM have identical properties to the so-called fully listed stocks.

The main distinction is that USM companies need only float off 10 per cent of their equity to the public, rather than the 25 per cent minimum required on the main market. This tends to make for a narrower and less fluid market in the shares of those USM companies which exploit that rule to the full, but investors have still the freedom to buy and sell as and when they please.

An investment in unquoted shares is most unlikely to generate any short or medium term capital appreciation because of the lack of any ready market in the shares. In addition private companies very often tend to place restrictions on the transfer of shares. Mr Christopher Glover of accountants Ernst & Whinney, says these restrictions are usually designed to keep control of the company within a family or similar power base.

Mr Glover adds: "the purchaser of a minority interest in a private company therefore puts himself at the mercy of the controlling shareholders and directors. He might get an artificially low price if he tries to sell his shares. He has to accept the dividend policy of the directors. The possibilities of realising a capital profit are few and far between. He may find it difficult to borrow against the security of his shares."

Against these undeniable disadvantages, the investor in the quoted company can, of course, vote with his feet if he dislikes any aspect of the company's policy from dividends to disposals. And when he sells he will encounter—via a stockbroker—stockjobbers competing to give him the best price for the unloved share.

So what is there to be said for investing in an unqoted company? Quite a lot, thanks to legislation proposed in the recent Finance Bill.

The Finance Bill—it should be noted that it is not yet the Finance Act—greatly increases the tax advantages under the old Business Start Up Scheme. Under the new rules of what is now called the Business Expansion Scheme an investor taking a first time stake in an unquoted company will get tax relief on his purchase at his top marginal rate of taxation. The principle is the same as mortgage interest tax relief.

Thus a top rate taxpayer will get 75 per cent of what he pays for his shares in qualifying companies, which does not finance companies or trades carried out without a view to profit. The Government is effectively acting as a blind underwriter to risk capital.

The scheme applies to investors in companies whose shares are not listed on an authorised stock exchange—and that includes the USM. However, it appears that the scheme in theory would encompass companies traded on the market made by Granville, formerly M. J. H. Nightingale, much to the Stock Exchange's displeasure.

Under the new scheme the maximum which can be invested by any individual was doubled from £20,000 to £40,000, and the restriction which limited relief to 50 per cent of a company's share capital has been dropped. The relief will not be granted to investors who sell their shares within five years of the purchase, and the relief is not available to owners, directors and employees putting money into their own businesses.

Despite these restrictions, the Stock Exchange seems concerned that its own market is to become a victim of fiscal inequality and that business is going to be lured away from its capital market.

New ventures, sometimes called "Greenfield" companies are particularly suited to the Business Expansion scheme, and it is believed two new venture companies that had been preparing for a USM quote, may now pull out and attempt to take advantage of the tax concessions given to unquoted companies.

On April 8 Io Technology, a microprocessor company launched on the USM a year ago, announced that it was in receivership. The shares were suspended at 230p each, leaving unforunate investors nursing large losses. Had that company been unquoted and qualified under the other rules laid down in the Business Expansion Scheme, the top rate taxpaying shareholder would have had the considerable consolation of seeing the Government effectively paying out 187.5p per share—75 per cent of the 250p placing price of the shares.

Of course the fact that potential beneficiaries of the Bill must hold the shares for at least five years appears to rule out the short- to medium-term capital gains possible in some quoted stocks. But it seems there is nothing to stop investors taking a stake in an unquoted company, and if it does go public, then to take any resultant capital appreciation as profit, sell, and forego the tax relief.

There is a possibility which could ensure that the balance will not be so far tilted to the unquoted share qualifying for tax relief, as appears at first sight. For it is a feature of the housing market, that th[e] provision of mortgage tax r[e]lief has had the effect of pus[h]ing up house prices to leve[ls] that would—and could—neve[r] be paid if the Government wa[s] not footing a large part of th[e] bill. It is quite easy to envisag[e] exactly the same princip[le] operating in the share prices [of] unquoted Business Expansio[n] Scheme companies.

Just as the people who mos[t] benefit from the mortgage ta[x] relief seem to be the agents [to] the purchase, such as solicito[rs] and estate agents, who are pai[d] by percentage commission, s[o] the possible chief beneficiarie[s] of the Government's schem[e] could be the financial agent[s] who package any qualifyin[g] business start up, rather tha[n] the would-be investors.

Another danger is that, in i[ts] desire to help small businesse[s] the Government could in fac[t] be encouraging some hare[-]brained ventures, which woul[d] never be hazarded by the inves[]tor if the Government was no[t] underwriting much of the risk.

Whether investor is to pu[t] money in quoted or unquote[d] shares he or she should be a[s] certain as it is possible to b[e] that the company is soundly based and managed. Tax relief or no tax relief, a loss is a loss is a loss.

PERSONAL FINANCIAL PLANNING = 4

In an era of falling inflation rates fixed interest offers look attractive

A time for quick decisions

Interest rates

ERIC SHORT

THE CHIEF general manager of a well-known building society received a letter last autumn from an investor after a general reduction in investment rates.

The writer pointed out that falling inflation rates meant that his bills were not increasing quite as fast as previously, but nevertheless they were still rising. The society, however, in lowering its interest rates, was cutting his income from which he paid his bills.

This letter sums up the problems facing investors after a decade of high and generally rising interest rates. While interest rates were rising, it appeared that investment in fixed-interest securities, such as the various building society investment products, local authority bonds or the National Savings Bank Investment Account, provided an income that matched inflation, when it *did nothing of the sort.*

The problem with many investors is that they still value everything in money terms and still keep a rigid division between capital and income. The original money invested is still treated as their capital and the interest earned on that investment is still regarded as income.

They do not appreciate that if they want to preserve the real value of their capital, then they must reinvest enough of the interest to maintain its value.

Instead over the past decade or so, such investors have regarded all interest payments as income and spent it without realising that what they were doing was eating into capital.

Indeed, despite the very high rates of interest paid over the *past decade, for most investors* the interest received after tax has been insufficient to maintain the real value of their capital, such has been the level of inflation rates.

High interest rates go hand-in-hand with high inflation rates. Now that inflation rates have come down, interest rates have also fallen. Investors, like the writer of the letter, are now discovering that they have been living, at least partially, on their capital.

The second lesson to be learnt in dealing with investment during a period of falling interest rates is that decisions have to be made and acted upon quickly.

When interest rates were rising, investors could afford to wait because higher rates could possibly be secured next month. At least they would not be lower. This does not apply when interest rates are falling — rates next month could be lower.

Again in an era of falling rates, investors need to invest in securities where the rates are fixed over the investment period and do not vary with changes in the general level of interest rates. Such investments as fixed-interest National Savings Certificates and guaranteed income bonds fall into this category.

The 25th issue of National Savings certificates provides a yield, net of all taxes, of 7.51 per cent over its five year investment period, irrespective of what happens to interest rates during that period. In contrast, the current interest rate paid on ordinary building society investment is 6¼ per cent net of basic rate tax and if interest rates come down this will be reduced.

The table shows the current pattern of yields on investment products available to individual investors.

The next consideration is the role of index-linked investments in an era of falling inflation. At present, the general level of interest rates is well above the rate of inflation, thus providing investors with a positive rate of return on their investments.

Thus Index-Linked National Savings Certificates, still known as Granny Bonds even though they are available to all investors, is giving a current return of 5.3 per cent net of all tax compared with the 7.51 per cent on the fixed-interest Certificates. Investors are busy cashing-in their Granny Bonds and switching to the 25th issue.

This course of action is justified if current conditions are going to continue for some time. Investors in the 25th issue are effectively locked-in for the five-year investment period, such are the penalties of early cash-in. Thus investors in choosing their savings products have to take account of the future trend in inflation and interest rates.

As stated, if interest rates continue to fall to lower levels, following inflation rates down, then the highest returns come from those products where the rate is fixed over the term.

To secure these returns, the investor has to stay with the plans for the whole period. Either he is locked-in, as with many guaranteed income bonds, or he has to pay a penalty in the form of much lower returns if he cashes-in early. The price for higher return is loss of flexibility.

Many investors must think that interest rates and inflation rates are likely to stay down, for more and more of them are busy switching out of Granny bonds and going for the new National Savings Income Bond —which offers the highest gross return at present.

One would have thought that it was still early days for investors to be making decisions based on low inflation and interest rates. At this stage in a transition period, it would appear preferable for investors to retain flexibility in their investments and select those products where interest rates are lower but there is no penalty on surrender and one can switch to other forms at short notice.

Such a course of action does mean that investors have to watch constantly the situation and if it looks that lower interest rates have become more *permanent,* then to move into the other types of stock.

At this stage, investors should seriously think about the prospects offered by equity type investments, particularly unit trusts. The high income funds are now matching building society products for income.

The net of basic tax yield on these high income funds, now in the range 4¾ per cent-5 per cent is lower than building society shares, but the gap has been narrowed. This income should rise as equity dividends increase and there is the prospect of the investor's capital increasing over time.

To overcome the drawback of interest payments being made twice a year on a particular trust, Towry Law has designed a scheme to provide monthly payments by investing in six high income funds—its "High-Rise" Monthly Income Portfolio, yields 7 per cent gross, with a capital only growth of over 16 per cent in under a year.

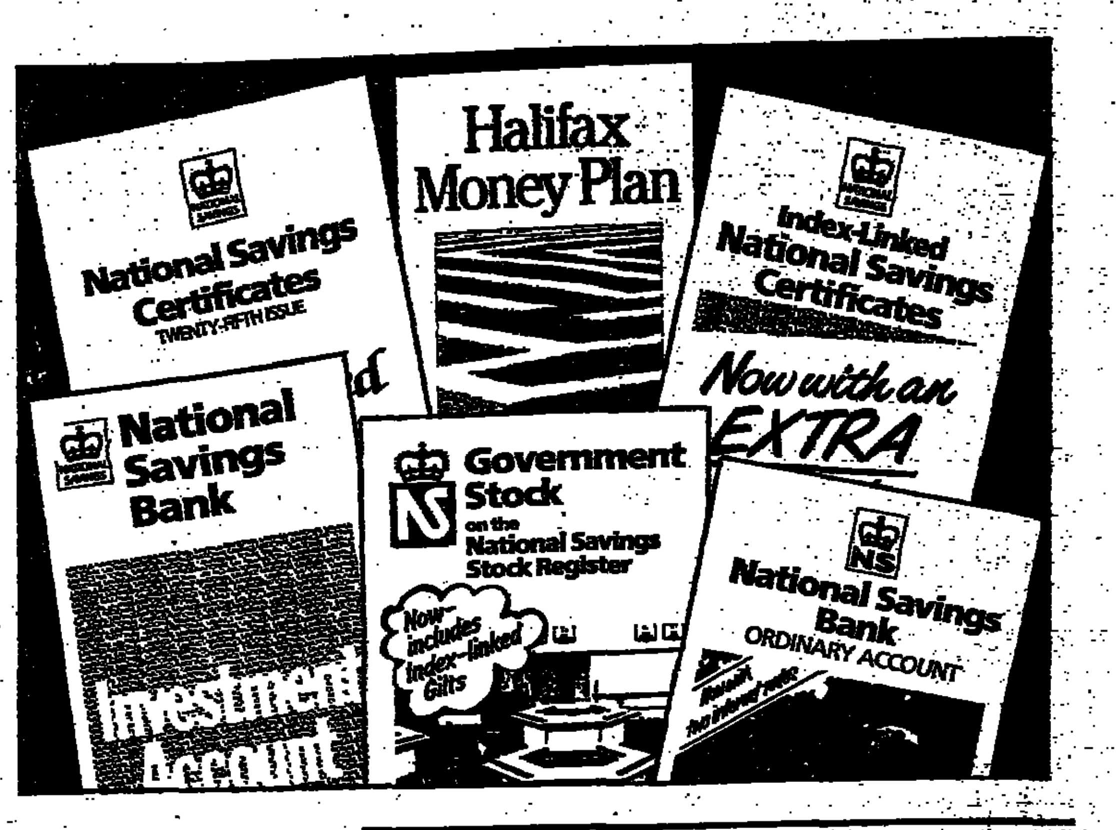
Finally, the self-employed have their own problems concerning their pension. Up to the time of retirement, they have been contributing to their pension plan and leaving the life company to make all the decisions. But now they have to make their own decision as to when to start drawing their pension.

Their pension policies will have accumulated a cash sum and after taking the lump sum benefit from this amount, they must use the balance of cash to buy a pension.

They can buy it with the life company in whose name the plan is written, or they can shop around for the best annuity rate in the market.

Annuity rates are based on current interest rates and these have come down as interest rates have come down. When interest rates were rising, it was always advantageous to delay taking the pension for it meant both a higher cash sum and higher annuity rates.

Now delay does mean that the cash sum continues to rise, but *this* could be offset by annuity rates falling. It may well be advantageous for the self-employed to draw the pension slightly early to take advantage of higher annuity rates. The self-employed do not have to stop work in order to draw a pension. The pension can be taken at any time from the 60th birthday.



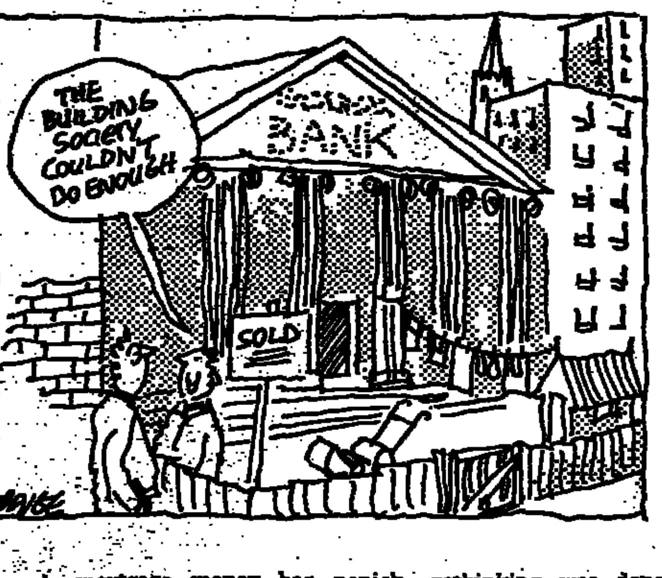
FIXED INTEREST SAVINGS

Comparison of Current Returns

	Nil Tax %	30% Tax %	45% Tax %
VARIABLE RATE			
National Savings Income Bonds	11	7.7	6.05
National Savings Investment Account	10.5	7.35	5.775
Building Society Ordinary Share	6.25	6.25	4.91
Building Society Term Share	7.25	7.25	5.70
Bank deposit account	6.75	4.725	3.71
Money funds	10.75	7.525	5.91
FIXED RATE			
National Savings Certificates 25th issue	7.51	7.51	7.51
Guaranteed income bond:			
2 years	8.50	8.50	7.225
3 years	8.50	8.50	7.225
4 years	8.75	8.75	7.44
5 years	9.00	9.00	7.65

PERSONAL FINANCIAL PLANNING—5

Spring brings signs of home prices moving up again



WITH SPRING in the air, "For Sale" boards shoot up in front gardens with as much certainty and timing as the year's crop of daffodils. So far 1983 has followed the typical seasonal pattern but the hope is that this time round those signs will be soon uprooted and replaced by "Sold" boards.

For this year the housing market has an air of assurance missing since the late seventies. The housing market is based on confidence—that of the buyer and in turn the housebuilder. That ingredient has been in very short supply as a succession of blows from recession, high unemployment and record interest rates has left demand, and prices, in the doldrums.

The fall in interest rates over the winter months has, however, generated a more relaxed attitude on the part of house-owners towards gearing up their borrowings and moving, even though the outlook for mortgage rates remains uncertain. The raising of the tax relief limit on mortgages from £25,000 to £30,000 in the last Budget can only serve to fuel demand.

Pundits agree

The pundits generally agree that 1983 should be the year when house prices start to move forward again in earnest after the last couple of years, when only small increases were recorded and, in some areas prices were falling. But a return to the palmy days of soaring selling prices is not at hand. Gone are the times when anyone who could scrape together a deposit was on his way to securing a substantial capital profit, *if only on paper.*

Yet just as fresh life is being breathed into the housing market there are signs that mortgages are getting tougher *to find* and the *grim prospect* of mortgage queues looms. Not surprisingly the building societies are blaming the clearing banks, whose attitude towards mortgage money has gone from one extreme to another over the past eighteen months. To a certain extent the building societies' accusations are reasonably based but that is not the whole story.

The major clearing banks came wading into the home loan market with all the finesse of a herd of charging elephants. But last year three of the High Street majors virtually abandoned the market, leaving just National Westminster and the Trustee Savings Banks fighting hard for a share of residential mortgages. The banks talk of having applied a brake to their *mortgage* lending but in *some* cases that brake feels more like the hand-brake.

It was Lloyds that really got the banks advancing into the traditional domain of the building societies. Lloyds started in a fairly *modest* way in January 1979, gearing itself towards the top end of the market with minimum loans of £25,000. The *others followed suit though* aiming for a wider appeal. It was not until last year that their level of lending accelerated out of proportion and around panicky rethinking was done.

Even Lloyds, which has been lending mortgage cash for over four years, probably pushed out £1bn of its £1.6bn portfolio during the past year. At one point it was injecting £7m a day into the private housing market.

Barclays has the most money committed to residential mortgages, with around £2bn out on loan. It too had its fill by last autumn and even though the brake was firmly on during the *tail end of the year its lending* for house purchases would have put it into the top ten of building society lending. This year it is hoping to restrict new money to £400m.

Buying a house

TERRY GARRETT

Midland found itself directing £80m a month at one point last year, a rate which far exceeded its earlier estimates of how far it wanted to go. With £1bn of mortgage loans Midland is adopting a softly softly approach to new applications.

To slow down their lending the banks have changed their rules for new borrowers. No longer do they boast that some*one can walk in off the street* and be welcomed with open arms. Lloyds, for example, is limiting applications to people who have been customers for six months, lending on main residences and not secondary or holiday accommodation, reducing its maximum lending from 100 to 80 per cent of valuation and putting an extra ½ point interest on endowment-linked mortgages.

National Westminster stands aside from its High Street competitors. At the end of last year it had around £1bn of residential mortgages on its books and it continues to lend at about £100m a month. "We went into the market on a long-term basis," says NatWest, a sentiment which rings a little hollow elsewhere in the sector.

Impact limited

The 16 banks within the TSB grouping are still lending mortgage money but their impact is limited while they are governed by their Treasury masters. Last November they had a £0.7bn portfolio and even though £45m of new money was lent in March alone they cannot go above £0.9bn by next November. Unless demand slackens the TSB too might find themselves hard pushed to keep saying "Yes."

So perhaps the building societies do have some points in their criticisms of the clearing banks' short but aggresive foray into their home ground. Yet *building* societies still account for around 80 per cent of all mortgage loans and if they are having to keep potential *borrowers waiting it* is a difficulty largely of their own making.

In order to step up their borrowing they have to attract new funds and clearly building society investment returns have become uncompetitive. During March the movement lent £1,912m against net receipts of just under £400m. Last autumn the societies were attracting £800 a month.

The problem really developed last November when the societies cut the recommended ordinary rate to 6¼ per cent and mortgage rate to *10* per cent.

The view held then, and not just by the societies, was that interest rates would continue to fall through into 1983. That has not happened and now the societies find themselves wrong-footed and reluctant to enter a round of rate increases so soon after last November's optimism.

In this atmosphere the societies' marketing men have been working overtime to come up with ideas to attract funds—*cheque share* accounts paying interest and discount cards are among the innovations.

Perhaps these are just the tip of the iceberg, for the recent report of the Building Societies Association *working group,* chaired by Mr John Spalding, chief general manager of the Halifax, came up with wide-ranging ideas to expand the activities of the movement into some sort of financial super-market.

The societies are suggesting that their powers be increased so that they can acquire land for housebuilding, act as estate agents, carry out surveys, offer conveyancing services, operate banks and insurance companies, make personal loans and offer HP agreements.

Main event

Not surprisingly, some other interested parties have hardly welcomed the societies' suggestions. Still so far that is just what they are—and the movement's efforts to spread itself in all directions is unlikely to be totally successful. Indeed *few* societies would want to adopt all the measures *even if* they did get Government approval.

The main event of the past year, *if a* long-heralded one, has been the introduction of MIRAS —Mortgage Interest Relief at Source. In a nutshell this replaces the old system of paying interest gross and getting allowances from the Inland Revenue with a system of *higher rate only tax allowances* but reduced payments. That is theory—inevitably practice is vastly more complicated. This newspaper ran a whole series of articles before the introduction of MIRAS at the beginning of April, going into far more detail than is practical here.

Briefly, however, there are two ways of repaying a mortgage; *straight repayment* or the endowment method. The endowment method creates few problems in the change-over to MIRAS whereas the repayment method does. Because the *interest relief gradually diminished* as the loan progressed the cost of a mortgage in the early years was relatively lower to the borrower under the old system. It was the Inland Revenue which had to keep recoding.

While the banks were willing to put the repayment method over to MIRAS without any fuss, the building societies, attracted by the convenience of steady payment levels, have pressed the Government into allowing them to keep a constant level of net repayments over the term of the loan. Thus *repayments have* gone up.

Borrowers using the repayment method had the choice of three routes when switching to MIRAS:—

- The constant net premium system, as favoured by the societies, involving an immediate net increase in net costs.
- The extended net premium system which keeps net costs unchanged but extends the term of the loan.
- The gross rate system, preferred by the banks, which keeps initial net costs unchanged and means rising net payments over the term of the *mortgage*.

The introduction of MIRAS has made the endowment method far more attractive for many borrowers. Because of the way the cost profile of straight repayments has changed the gap between them and the cost of the traditionally higher endowment has narrowed. Moreover the endowment method has the attraction of a tax-free lump sum when the mortgage is repaid.

Each borrower must compare figures for his own particular position. The choice is not easy but those contemplating an endowment *should consider* three basic points—the premium level, the overall return and the prospects for the life company.

›ERSONAL FINANCIAL PLANNING — 6

Losing a job means reappraisal of all outgoings

Time for a vital trim

NE OF THE saddest features : the current economic scene the rising numbers of em- .oyees being made redundant, ith all categories being hit 'om senior executives to shop ɔor workers.

The social problems that :company being made redund- ıt can be immense but among ıe dark storm clouds there is ıe silver lining in the lump ım redundancy payments re- ɜived by workers hit by the :cession.

Employees being made re- undant are legally entitled to ayments provided they have ɔmpleted at least one year's ɜrvice with their employer. The :ale is dependent on the age t the time of being made ɘdundant.

If employees have reached age 1 and are below the state re- :rement pension age (65 for ıen and 60 for women), they re entitled to 1½ weeks' pay ɔr each completed year of ser- ice with an employer. If the mployee is between age 22 and 1, the entitlement is one week's ·ay for each year of service.

For employees between 18 and 2, the entitlement is half a *week's pay for each completed* ·ear. There is an upper limit ·f £135 on the weekly pay taken nto the calculations.

Many employers endeavour to nake much more generous re- lundancy payments. A rate of ıne *month's payment for each* ·ear of service is not uncommon ·or rank and file employees ›ringing many into the silver ıandshake, if not the golden ıandshake class.

The taxation position of re- ·undancy payments is some- /hat complex. The first £25,000 ncluding the statutory redund- ·ncy payment, is tax free. Other- vise it is added to the ·mployee's earnings for the ·ear, but taxed at a reduced rate. The *first* £25,000 above the £25,000 tax free limit is taxed at half rate—the next £25,000 at three-quarters rate and the remainder, if any, at full rate.

So the redundant employee has the decision of what to do with his redundancy payments. Ironically, for many it will be the first time that they have received such a large cash payment. Many persons made redundant go on a spending spree with holidays in exotic places, new cars, kitchen equipment, clothes and so on.

For many, this is a reaction to the trauma of being made redundant, but the person should think carefully before spending.

The best advice to give the redundant employee is to sit down and take stock of his situation—easy advice to give but much more difficult to apply in practice for persons endeavouring to recover from the shock.

The individual should first assess the prospects of getting another job. The official figures show that the chances of getting another job are quite low and get lower for the older employee.

If the employee considers the prospects good for getting another job then he may well feel tempted to spend. The advice is to wait until the new job materialises. Redundant *employees should also remember* that they have lost much of their pension rights from their previous job. Moves to get redundant early leavers treated better than voluntary early leavers have yet to bear fruit.

Part of the redundancy payment should be used to boost pension in the new pension scheme. If the new employer has a company pension scheme, the money can be invested over a period in an Additional Voluntary Contribution scheme.

Otherwise, the employee is regarded as being in non-pensionable employment and can take out a Personal Pension Contract from a life company.

But for most employees, the chances of another job are much more remote, at least until the economy picks up again. So they must assess their income and outgoings

Redundancy

ERIC SHORT

under the new circumstances.

For the first year, they will be entitled to unemployment benefit and redundancy payments are not taken into account in assessing the right *to this social security benefit.* But this is at a very low level and, almost all employees will need to invest their redundancy sum to boost income.

The easiest way to do this is to reduce outgoings and the first consideration should be existing hire purchase arrangements. The effective interest payments on these are at a high level so consider paying off HP as soon as possible.

Next look at the house mortgage. Mortgage interest payments are eligible for tax relief, but the redundant employee is not likely to be paying tax. Many building societies will allow some deferment of payment while the individual sorts out his affairs.

Others have now made arrangements for redundancy insurance on new mortgages. But the individual, especially the older employee, should consider paying off the mortgage. It will be one worry less.

Similarly overdrafts and loans should be cleared off at least while the individual is out of work.

Then the individual should consider investing what is left of his payment to boost income. There are a number of plans being offered the unemployed, mainly by insurance intermediaries, that really do not suit his requirements.

The redundant employee faces a very uncertain future so any capital he has should not be locked away in a life contract irrespective of how attractive the yield offered. Life policies, whether single or annual premium plans, are long-term investments and thus not immediately suitable for redundancy money.

The money should be invested in a savings product that gives accessibility. Building societies look the natural haven for redundancy money but the *individual should think* carefully.

In the new circumstances the individual will not be paying tax. The non-taxpayer cannot reclaim tax from a building society account (see the article *on investment* in an era of falling interest rates for a comparison of yields). It is better to invest in a gross fund. The Save and Prosper Money Fund offers 10¼ per cent gross with *easy access to the money.*

After the year is up unemployment benefit ends and the individual moves to a means-tested supplementary benefit. Here his entitlement to receive these social security payments will depend on his income and his capital. The capital limit has just been raised to £3,000 but the house is not taken into account in assessing this limit.

Many unemployed spend their redundancy money so as to get *below this limit but* the assessing officer could well ask questions on what has happened to the money.

Employees made redundant need expert advice on being *made redundant* and at subsequent intervals. Many organisations are offering advice. Some employers hire specialist firms to provide the advice to employees.

Douglas, Deakin, Young is one such firm that has been active in the newspaper industry and others. The company believes strongly in individual counselling and is hired on terms that look after the employee for at least 12 months after being made redundant.

Paying for children's education calls for considerable sacrifice by parents

Plan ten years ahead

INFLATION RATES have tumbled over the past year, but this has not been reflected quite so dramatically in school fees. This year they are rising by about 10 per cent and over the past decade, school fee increases have comfortably outpaced price inflation and on average have moved ahead of earnings inflation.

This does not augur well for parents wishing, for whatever reason, to have their children educated in the private sector and hoping to pay for the fees out of current income. For most people, such methods of financing are the only means they have of meeting the cost of private education and such figures will merely warn them of sacrifices ahead.

The regular surveys carried out by school fee specialists C. Howard and Partners and School Fees Insurance Agency both show the extent to which many families are prepared to make financial sacrifices to have their children educated privately. Some wives go out to work solely for their earnings to be used in school fees. Others take in lodgers, cut out family holidays and so on.

Thus it makes sense for parents to consider utilising whatever resources they have and to plan as far as possible in advance to save towards meeting those fees when they arise.

One point needs to be stressed. Term fee levels for a top boys' school are about £1,200 for boarders and £700 for day boys. For top girls' schools, fees are £1,030 and £570 respectively. It will require considerable sacrifices to save in advance to meet these fees.

Savings should be regarded as easing the fee burden—*the bulk of the fees will still* have to be paid for out of current income.

There is no tax incentive to have children educated privately, at least not yet. But if parents use regular premium life assurance policies as savings vehicles for future fees, they can get a tax credit through Life Assurance Premium Relief (LAPR). The present credit is 17.65 per cent added to the net premium paid by the parent.

The other advantage of regular premium life policies is that all the benefits of the policies are paid free of taxes after 10 years. Earlier cash-in could result in higher-rate tax on the profits, while cash-in within four years could result in full or partial clawback of LAPR.

So, providing parents start early, at least 10 years before fees at the senior school are due, a combination of regular premium life contracts will enable parents to accumulate substantial sums, paid tax free, and receive the LAPR boost.

There are several arrangements of the policy clusters. For instance, if fees are due to start in 10 years, five policies can be taken out with terms of 10 to 14 years so that each maturity coincides with the start of the school year when fees are due.

The school fee planners have been devoting a lot of effort to designing schemes that will meet the parents' requirements. These include schemes where the initial premium is somewhat lower and builds up in the first five years to coincide with the rise in parents' earnings.

A word of warning at this stage. Parents have to plan such school fees schemes very *carefully taking into account* their other commitments, particularly mortgage repayments.

School fees

ERIC SHORT

LAPR is given up to gross pre*mium limits of £1,500 or one-sixth of income whichever is* the greater.

If the mortgage is being repaid by means of low-cost endowment then this will use up most of the LAPR entitlement. So parents savings towards *school fees through life policies* should use the repayment method to repay the mortgage covered by a mortgage protection contract.

Thus parents should also be very wary of off-the-peg schemes that appear on the market. Planning of school fees is essential if the best use is to be made of all available resources and reliefs.

Most parents will not start saving when the child is born, simply because they do not decide on private education until the child is getting near school age. So there is often less than 10 years to go before fees are due.

However, parents can still use life assurance schemes—the building society linked schemes that offer good returns over four, five and six years. But this will entail higher rate tax.

Next, parents should consider using any capital resources that may be available. Cash sums, including money on deposit in a bank or investment in a building society, could be more profitably invested in one of the capital schemes on the market. One common scheme is the purchase of a deferred annuity. The specialist usually has a special arrangement from a life company to receive enhanced annuity rates.

Many schools will accept lump sums in advance. But parents should compare the terms offered with those in the market. Some schools offer very competitive terms, but others are still quoting terms that applied years ago in a very different savings climate.

Again, parents should take the trouble to review the market rather than invest in the first plan they come across.

But it is more likely that grandparents and other relatives have capital sums available. Indeed, the surveys previously mentioned show that grandparents are assisting fully or partially in meeting fees in some 25 per cent of cases.

Parents do not have any problems with Capital Transfer Tax if the gifts are for education of their children. The legislation accepts that parents have a right to educate children and get involved in expense.

The schemes on the market claim to have sorted out the CTT problem, in that they have obtained counsel's opinion. But they could be challenged by the Revenue. It is a point that needs checking.

If grandparents wish to contribute to their grandchildren's education, then covenanting out of income is a highly tax efficient means of helping.

Under current tax legislation, a child can receive up to the single person's tax allowance of £1,785 a year without the child or its parent incurring a tax liability. If the income is gifted under covenant, the donor can *deduct the basic rate tax from* the gift and the child can reclaim the tax. This applies to *gifts from any donor except* parents.

Thus, grandparents helping out with fees should covenant *the payments to the grandchild.* If grandparents make gifts in advance of the school fees being due, the money should be saved in a plan that does not deduct tax, such as the National Savings Bank Investment *Account.*

There are now several companies offering school fee planning advice. The Independent School Information Service has two leaflets on the subject which are available free. These *include names and addresses of* many of the specialists. Details from Independent Schools Information Service, 56 Buckingham Gate, London SW1E 6AH.

CHESS/BRIDGE

Korchnoi through

BY LEONARD BARDEN

THERE IS rarely a dull moment in Viktor Korchnoi's chess career. This week the 51-year-old Soviet exile, horribly out of form for most of the past 12 months, triumphed in fine style in his world title candidates match against the solid Hungarian, Lajos Portisch. Korchnoi virtually destroyed his opponent's chances with three wins in the first four games, then held off some desperate counter-attacks to reach a 5-2 lead.

Needing only one draw from three games, Korchnoi decided to take the luxury of a time-out and also sent home his two trainers Gutman and Ree. It was tempting fate too much, and Portisch promptly won the eighth game, but then Korchnoi reasserted his superiority for another victory and a convincing 6-3 margin.

Latest scores in other candidates matches are Smyslov 6, Hubner 6; Ribli 4, Torre 2. FIDE rules provide that in the event of a 7-7 tie (ten games of the original match plus four in extra time) the winner is decided by lot unless both sides agree in advance to settle it by two games of one-hour chess.

Portisch, a zealous grandmaster who likes to prepare individual openings for each opponent, is known to be vulnerable when on the receiving end of a novelty. Korchnoi exploited this weakness to the full with new moves in both the first and third games of the series. Contrary to general impression, the most telling innovations occur in simple positions rather than in complex lines like the Najdorf Sicilian. Korchnoi's surprise in this week's game on move 11, made when the queens and a pair of minor pieces are already exchanged, at once reduces his opponent's maximum hopes to passive defence and chances of a draw. Clearly unsettled, Portisch overlooks a hidden finesse and Korchnoi pounces for a winning endgame.

White: V. Korchnoi (Switzerland). Black: L. Portisch (Hungary). English Opening (3rd match game, Bad Kissingen 1983).

1 P-QB4, P-QB4; 2 N-KB3, N-KB3; 3 N-B3, N-B3; 4 P-Q4, PxP; 5 NxP, P-K3; 6 N(Q4)-N5, P-Q4; 7 B-KB4, P-K4.

A critical moment. This simplifying move turns out badly, so Black should consider the gambit line 7...B-N5; 8N-B7 ch (8 PxP, NxP; 9 NxN, PxN; 10 QxP, B-N5 ch also gives Black good play), K-K2; 9 NxR, P-K4; 10 B-Q2, P-Q5; 11 N-Q5 ch, NxN; 12 PxN, QxP. White will soon lose his QR8 knight, when Black, with a pawn for the exchange and an active position, has significant compensation.

8 PxP, PxB; 9 PxN, PxP; 10 QxQ ch, KxQ; 11 N-Q4! (better than the book move 11 R-Q1 ch), K-B2; 12 P-KN3, B-QB4; 13 R-QB1!

Protecting his centralised knight by the tactic 13...BxN; 14 N-N5 ch.

13...PxP; 14 RPxP, B-R3?

Portisch plans a defensive barrier on the long white diagonal, but misses a hidden point after the next few forced moves. Black has to try the passive B-Q2, although White can then settle in for a prolonged siege of the weak QBP.

15 NxP! B-N2; 16 N-R4, BxP ch; 17 KxB, N-K5 ch; 18 K-N1, BxN; 19 B-N2, QR-K1; 20 R-R4, P-B4; 21 P-KN4!

The winning move, which undermines Black's pawn chain and forces a decisive material gain for White. The point is that the natural reply 21...P-N3 fails to 22 PxP, PxP; 23 R-R6. As played, Black quietly loses two minor pieces for a rook.

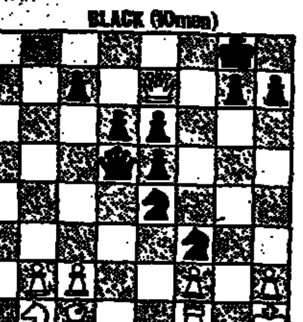
21...P-B5; 22 RxB ch! KxR; 23 N-B3, K-B4; 24 BxN, K-Q5; 25 B-B3, R-QN1; 26 N-R4, R-N5; 27 R-R5! R-Q1.

Black cannot play RxN because of 28 R-Q5 ch, K-B5 (K-K6; 29 R-Q3 mate); 29 P-N3 ch winning the rook.

28 P-N3, P-KR3; 29 K-B2, R-Q3; 30 R-KB5, P-N4; 31 R-B7, K-K4; 32 RxRP, R-Q7; 33 N-B5, R(N5)-Q5; 34 R-R6, R-Q3; 35 R-R5, Resigns. The coming N-K4 will win more material and put White a piece ahead.

POSITION No 471

BLACK (10men)

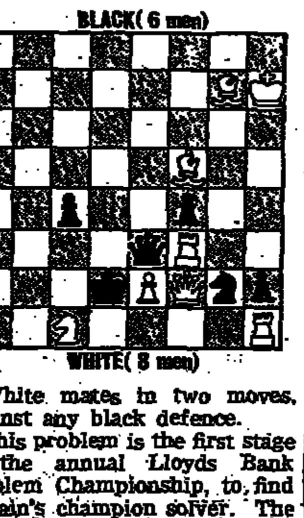


WHITE (9 men)

This position from a USSR tournament game is quite a stiff test of skill in chess analysis even for strong players. White is ahead on material and threatens Q-K8 mate, but Black (to move) also has an attack. Does Black win, lose or draw?

PROBLEM No. 471

BLACK (6 men)



WHITE (8 men)

White mates in two moves, against any black defence.

This problem is the first stage in the annual Lloyds Bank Problem Championship, to find Britain's champion solver. The 1982 championship was won by Jonathan Mestel, grandmaster and ex-British champion, from a field of 2,260 entrants.

If you think you can solve this puzzle, send your answer (White's first move only is required) to Lloyds Bank Public Relations, 71 Lombard Street, London EC3, marking your solution "Financial Times" and the envelope "Chess Contest."

A correct answer qualifies for the next stage, which leads on to a final in London next January with £100 and the national title for the winner.

Position solution Page 20

The Blue Teams

BY E. P. C. COTTER

ONE OF THE BEST books I have read is Bridge with the Blue Team by Pietro Forquet. It is obtainable from Bibliagora, the Bridge Magazine, and International Popular Bridge Monthly. It costs £9.95, but it is worth it. It is a magnificent collection of hands played by the various members of the famous, and well-nigh invincible Blue Team.

Let us look first at a slam superbly played by Giorgio Belladonna:

```
            N
         ♠ 9 8 5
         ♡ A K J 5
         ♢ 10 9 4
         ♣ Q 10 3
W                     E
♠ —                ♠ Q J 10 7 3 2
♡ 4 3 2            ♡ Q 10 9 7 6
♢ 7 6 5 3          ♢ 2
♣ K J 7 6 5 4      ♣ 2
            S
         ♠ A K 6 4
         ♡ 8
         ♢ A K Q J 8
         ♣ A 9 8
```

With both sides vulnerable East dealt and bid two spades, which showed a weak two-suiter in spades and hearts, South doubled, and North replied with three hearts, and after four diamonds from South, North said four hearts. These two responses in the light of East's opening bid were clearly strength-showing cue-bids, and South jumped to six diamonds, which became the final contract.

Giorgio won West's heart four with dummy's Ace and proceeded to cash five rounds of diamonds, to which West followed four times, discarding the club four on the fifth. East threw two spades and two hearts, and dummy parted with a spade and a heart. At this point it seems safe to lead a club to West's King, win the club return, and squeeze East automatically. But West can defeat this line by ducking the low club. Dummy will win, but the squeeze will not work, because there is no entry back to dummy's hearts.

The declarer saw that it was essential to cash the club Ace first and then lead the low club. return. A club was immediately fatal, a heart would be won by the King, and then the club Queen would catch East in an automatic squeeze.

Now watch Avarelli at work in a pairs event:

```
            N
         ♠ A 7 5 4
         ♡ J 10
         ♢ K J 10 5 3
         ♣ J 2
W                     E
♠ K Q J 3          ♠ 10 9 6 2
♡ 3                ♡ 7 6 2
♢ Q 9 8 7 6        ♢ 4
♣ K Q 6            ♣ A 9 7 5 4
            S
         ♠ 8
         ♡ A K Q 9 8 5 4
         ♢ A 2
         ♣ 10 8 3
```

With neither side vulnerable West dealt and bid one diamond, East replied with one spade, and South said three hearts. West raised to three spades, and North's four hearts concluded the auction.

Winning West's spade King with dummy's Ace, declarer returned a spade and ruffed in hand, crossed to the heart Knave for another spade ruff, crossed again to the heart ten to ruff the last spade, and drew East's last trump. Ten tricks were on ice, but Avarelli was after overtricks. He cashed his remaining heart, then the diamond Ace, and finessed the Knave in dummy. In the three-card ending West held Queen, nine of diamonds and the club King, dummy held King, ten of diamonds and the club Knave, while East held Ace, nine, seven of clubs, and declarer had the three clubs with which he started. One overtrick was guaranteed, but Avarelli was not yet satisfied. He continued with dummy's Knave of clubs. If West won, he would be forced to concede the last two tricks to dummy's diamond tenace, while if East rose with his Ace, he would have to concede the last two tricks to declarer's club tenace — a remarkable and original ending.

The book contains some 140 hands of like calibre—can you wait to get it? And it has been excellently edited by Ron

PROPERTY

Time for first timers

BY JUNE FIELD

HAVE YOU noticed how busy with visitors most builders' sites are? "At last people are actively looking for new houses," reports one Southern Counties builder with a satisfying increase in serious reservations after what he calls "a really flat season towards the end of last year."

The latest House-Builders' Federation "State of Trade" survey shows that sales of new houses were 30 per cent up in the first three months of 1983 compared with the same period last year. And with the Royal Institution of Chartered Surveyors currently claiming price-rises of around 5 per cent for second-hand homes, prices for new homes, although moving up slightly, are still competitive while land supply lasts.

Lovell Homes have just bought 65 acres in Slough from Eton College, for 1,200 dwellings over the next five years. McInerney Homes turned the first sod in January on a site for 30 terraced houses in Portsmouth, joint venture with the City Council, and the Declan Kelly Group, who currently have work under development to the value of £44m, are marketing Conran-furnished "singles" apartments in Ifield, Sussex; while Costain have a £2m venture with Wycombe District Council for 100 new homes.

Most of these developments are suitable for first-time buyers, who are still being strongly wooed by expenses-paid and cash-back incentives.

Now at last second-time around purchasers and others are being given a chance to claim their share. Barratt have just revised their "Open-Door Scheme" to be available to *all* purchasers of their new homes. (Well nearly all. The scheme will not apply to the company's £400,000-plus properties in Hampstead where presumably purchasers are not going to worry too much about discounts.)

This means you get the carpets, cooker, refrigerator and washing-machine included in the price as well as the stamp duty and land registry costs, bank or building society survey fee, and your solicitor's bill; and removal costs up to £200 are offered, with the company making the arrangements on your behalf.

"We feel that this will provide a tremendous boost for those worried about the extras involved in trading up," says Michael Norton, newly appointed group sales and marketing director, formerly deputy chairman of Barratt Northern. (He will send an explanatory leaflet from Barratt, Wingrove House, Ponteland Road, Newcastle upon Tyne NE5 3DP, plus details of homes if you say in what area you are interested, and the price bracket.)

Obviously these costs will have to be built into the asking price of a home, but it is quite a bonus to be able to earmark a set amount to buy a property.

Since the Budget enabled builders' "trade-in" homes to qualify for stock-relief along with their land, raw materials, work-in-progress and completed new houses, part-exchange has become more popular, with even quite small firms willing to accept a purchaser's home in part-exchange for a new one. A recent survey by The New Homes Marketing Board, a non-profit-making organisation formed about a year ago to promote the advantages of the new house, found that approximately 15,000 second-hand houses were taken by builders in part-exchange last year; and that about one in four new home sales to owner-occupiers involved the buying-in of an existing home—quite a high figure.

Some of the small to medium housebuilders—Sunley Estates of Croydon, W. S. Try of Dorking, and Thornton Heath-based Addley Homes — have got together to promote themselves through Victory Marketing Services. Peter Kerry, of VMS, advises if you see a one- or two-bedroom property and you think the price is reasonably realistic, buy now, because it could increase £350 to £400 per month. "Even if the property appears to be marginally over-priced at the time of reservation, bear in mind that it will be true 'value' by the time you actually move in."

British bastion in the Canaries

NEAT ROWS of bungalows by the palm-fringed beach gleam white and bright against the *picon*, volcanic black ash that is native to Lanzarote, the 310-square mile island in the Spanish Canaries.

Not very distinguished looking outside, the interiors are pleasing, with polished tile floors, textured walls, plenty of cupboards and fully-fitted kitchens and bathrooms. At prices from £18,500 for a one-bedroom unit, up to £54,000 for four bedrooms and two bathrooms, some of the first phase have already been snapped up by British buyers—a solicitor from Sussex, a Yorkshire television director, a civil servant, an artist, a policeman and a sprinkling of company directors.

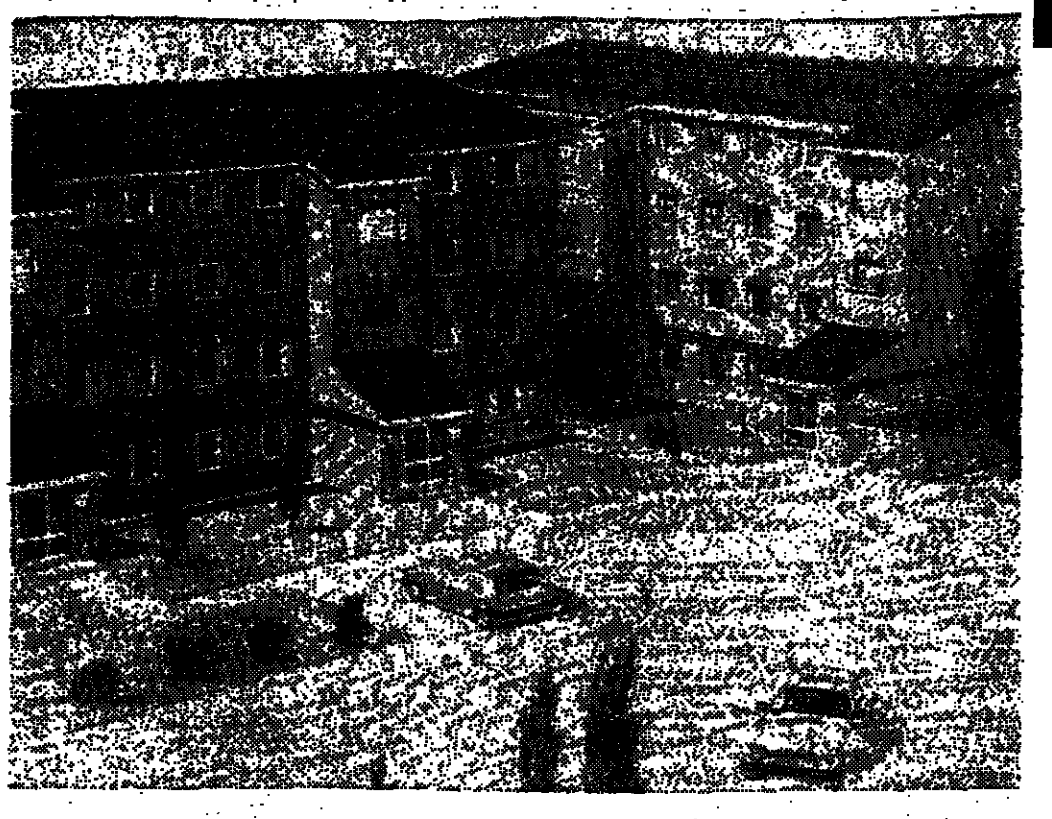
Only a lava field away from King Hussein of Jordan's new villa, the development is called Playa Bastian. It is 16 acres on Costa Teguise bought from ERT (Union Explosivos Rio Tinto), for some £¾m. The owners and developers are Ladyland S.L., a private company recently registered in Spain whose directors are all British citizens residing in the UK. So your own solicitor can check the title to the land through the company's legal advisers, Downs, 156 High Street, Dorking, Surrey, and your own bank can take up references through the Ashtead branch of Barclays.

Director Derek Ashworth at Ladyland, Waterlands, Sidlow, Reigate, Surrey, will send a brochure of what is on offer (a villa with its own pool can also be tailor-made at around £60,000), plus some notes on buying procedures and costs; that is, notary's fee about 10,000 ptas, translator's fee around 4,000 ptas, and depending on the size of the plot and the rate of exchange on the day, land transfer tax, which could be in the region of 36,000 ptas.

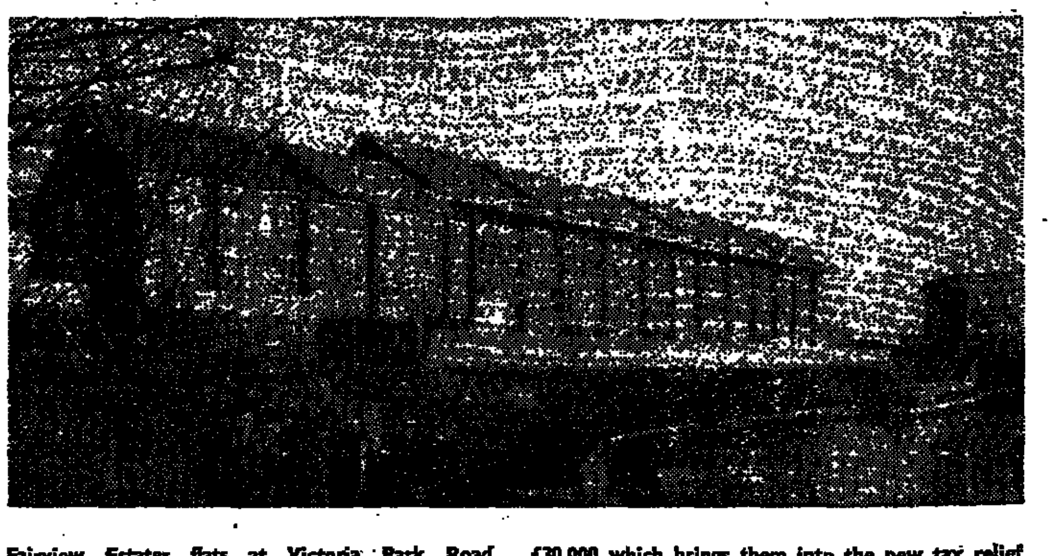
Mr Ashworth, who built British timber-framed houses at Puerto del Carmen on the island in 1968, feels that Lanzarote provides a challenge to UK property developers willing to forget recession. He is disappointed that UK manufacturers of furniture, sanitary ware, kitchen equipment and electric goods evinced so little interest when asked to quote for supplying their products. "They showed the now traditional apathy of so many British firms when asked to export."

Smooth, sloping pathways make the complex possible for the disabled, and special arrangements can be made to widen doors to take a wheelchair. A communal swimming pool was being dug when I was there last month, and a restaurant is planned for June. Nearby are tennis courts, and a nine-hole golf course referred to as "challenging" by club captain Barry Dalby, an insurance agent from England resident on the island, now Ladyland's sales director. As always, it is essential to go and look at everything, and ask questions. A week's holiday visit can be organised through Tahiche Villas from around £144, flying Gatwick to Arrecife.

Another British initiative is Wimpey's Las Casitas, in the fishing village of Playa Blanca. Chartered surveyor Peter Rogers, who sells the operation through International Property Marketing, Plaza San Antonio, Playa de los Pocillos, Lanzarote, told me that since I was there last year, over 75 per cent of the first phase has been sold, and over half of the current one. Prices are now around £600 to £2,000, a once-only payment for a week's ownership a year.



One and two bedroom flats at Reachview Court, Baynes Street, Camden Town, NW1, built on a former lorry park overlooking the Regent's Canal is one of New Ideal Homes' latest scheme for urban redevelopment in London. Prices are between £33,000 and £48,000, with interest-free loan, up to £1,000 cash-backs and part-exchange incentives. Details David Calverley, Managing Director, New Ideal Home Holdings, Goldsworth House, St John's Road, Woking, Surrey.



Fairview Estates flats at Victoria Park Road, Hackney, E8, on the site of two demolished Victorian terraces. With 95 per cent mortgages, the one and two bedroom units are selling from £26,000 to £30,000 which brings them into the new tax relief bracket. Furnished show apartment open 10-5 Thursday to Monday inclusive. Details from the agents Copping Joyce, 416 Mare Street, E8. (01-986 7321).

LEISURE

Lead up to Olympics

TRAVEL

SYLVIE NICKELS

WHEN YOUNG Gavrilo Princip stood on a street corner in Sarajevo on June 28 1914 and fired those fatal shots at Archduke Franz Ferdinand, he launched himself and the town into world history, and the rest of us, soon after, into the holocaust of World War I.

Today Sarajevo is preparing to make history of a more palatable kind as it beavers away in the final months of preparation for the Winter Olympics from February 7-19, 1984. Existing stadia of this sports-minded city are being modernised, and entirely new ones built, along with an Olympic village, new hotels of all sizes and, on the surrounding mountains, all the necessary and sophisticated paraphernalia to cater for the elite in ski jumping, slalom, downhill, cross-country and bob-sleigh events.

In town, thousands of Sarajevo's citizens are preparing to open their houses to provide extra accommodation.

Sarajevo has good rail, road and air links via Yugoslavia's main cities with the rest of the world; in addition, Olympics packages will feature direct charters, winter weather permitting.

A big "plus" is the proximity of the competition grounds to the city. Farthest will be the slalom and downhill events on Bjelasnica or Jahorina, respectively 34 km and 28 km away; the rest will be closer or within the city boundaries itself.

In the past, this capital of Yugoslavia's central republic of Bosnia-Herzegovina has been for the most part a transit stop for the average visitor on the well-worn trail from the inland cities to the Adriatic coast.

It has always deserved better. Its mountainous surroundings are truly stunning and if ever East meets West it is here, in the historic core of the city that backs up against those mountains and along the little Miljacka river.

Once past the industrial installations and the high rise suburbs, Sarajevo's turbulent history is spelled out in architectural terms: the solid central European structures of the Austrian Habsburgs who arbitrarily annexed the region in 1908 following a mandate of administration granted by the Congress of Berlin in 1878; and the mosques and mansions and higgledy piggledy streets that represent over 400 years of Turkish rule before that.

Heart of the latter district is Bascarsija, the bazaar area, where entire little streets are still devoted to the crafts of copper, or silversmith, jeweller or shoemaker, and the double doors of tiny shops stand open to reveal both artisan and merchant at your service.

Across these alleys fall the pencil shadows of minarets like that of the grand 16th century mosque of Gazi Husref-Bey with its adjoining Clock Tower, or the more solid hulk of ancient warehouses or bath-houses that now shelter folk art exhibitons, or restaurants, or even a night club.

Such transformations have been tastefully contrived, but even more an intrinsic part of the local scene are innumerable little eating houses dispensing *burek* (pastry layers stuffed with a variety of tasty fillings) or the ubiquitous *cevapcici* (grilled and spicey minced meat pieces with a garnishing of raw onions). More recent are the coffee house-discos which are as noisy and jammed with the young as anywhere else.

Those not totally preoccupied with the Olympics will find historical and cultural interests well catered for. The State, Jewish and orthodox church museums are excellent of their kind; another is devoted to the clandestine Young Bosnia movement with the footprints of Gavrilo Princip impressed on the pavement outside.

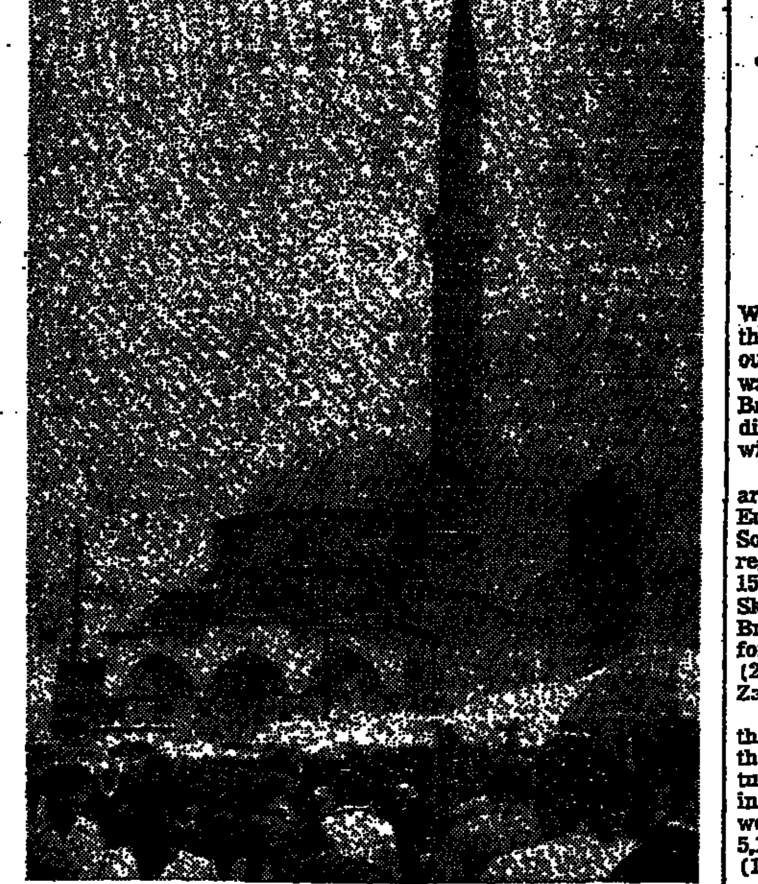
There is good opera and top-class folkloric ensembles. But one of the bonuses of central Yugoslavia is that peasant culture is still alive and thriving in the little towns and villages that punctuate the valleys and mountain plateaux.

It is more evident, of course, in summer when the sight of a woman spinning yarn or a boy whittling away at a piece of wood as they tend a handful of sheep, or a family clip-clopping to market by horse-drawn cart are not yet rarities in this part of the world, even though things have changed a great deal since my first visit 20 years ago. It is all the more argument for not delaying a visit too much longer.

It would be hard to find within Europe a greater contrast than between the Yugoslav interior and coast, and the mountains that separate them are magnificent.

The 186-km route from Sarajevo to the Adriatic is a fair example, its highlights including the watery sprawl of man-made Jablanicko jezero (lake) and some spectacular gorges carved out by the Neretva river as it scampers down to the sea.

Straddling it is the beautiful old town of Mostar, famed for its slender 16th century single-arch bridge from whose highest point the youth of the town prove their manhood by diving into the ice-green waters. Nearer the coast, the once-deserted Turkish-era village of Pocitelj has become something of an artists' colony, steeply stacked against a hill above the Neretva.



Sarajevo: preparing to make history again

There is wild mountain country, peppered with prehistoric, Roman and medieval remains only just beginning to feature on a few tourist circuits.

This is not the place to deal with Yugoslavia's coastline, except to mention a new way of exploring its glorious, clear, island-studded waters this summer. Flotilla sailing, catering for most levels of skill, offers the freedom of wind and canvas and the companionship of like-minded souls in small fleets of yachts under the supervision of a pilot boat with experienced crew.

Phoenix Holidays, for example, market very flexible arrangements of one-or two weeks sailing off the Istrian coast or a combination of a week with the flotilla followed by a week with half board ashore at Porec. The latter arrangement costs £230-£400 per person (of four) ex-UK, depending on season and choice of hotel.

Further information: Yugoslav National Tourist Office, 143 Regent St, London W1R 8AE. Winter Olympics arrangements are handled by American Sports Travel, Dorland House, 388 High Road, Wembley, Middlesex. Flotilla sailing details from Phoenix Holidays, 29, Thurloe Place, London SW7 2HP.

Oldies from East Europe

MOTORING

STUART MARSHALL

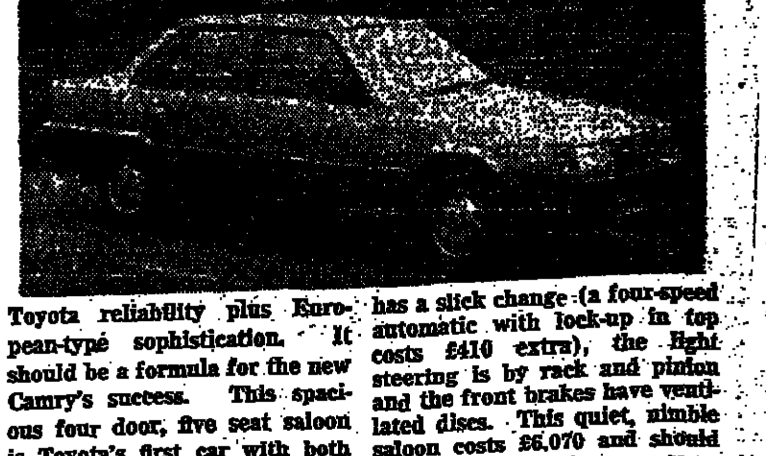
WOULD you buy a new car that you knew was completely out of date merely because it was cheap? Last year, 32,230 Britons did just that and the indications are that even more will do so this year.

The cars I am talking about are, of course, from Eastern Europe. The Lada from the Soviet Union scored 16,752 registrations compared with 15,508 in 1981. Czechoslovakian Skodas were bought by 9,272 Britons (8,507 in 1981). Figures for the Polish FSO were 3,105 (2,329) and the Yugoslavian Zastava 3,101 (811).

The trend continues upwards this year. Latest statistics from the Society of Motor Manufacturers and Traders show that in the first quarter Lada sales went up from 3,577 in 1982 to 5,155; Skoda reached 2,538 (1,785); FSO 1,026 (649) and Zastava 942 (505).

The Lada that heads this invasion from the East is a Fiat 124, modified over the years and due to appear on the British market soon with a face-lifted body. One can't call it a new model because it has been on sale in some European countries for many months. The original Fiat 124 dates from the 1960s and Fiat stopped making it themselves nearly ten years ago.

It was quite nimble and sporty in its time. The Lada, despite recent cosmetic changes, is dated in appearance. Anyone accustomed to modern European or Japanese cars will find it plodding and rather uncouth. It has been beefed-up and rides pretty well over bad roads (they have a lot of them in Russia) but the steering is heavy and vague. Detail finish is poor. One I drove some weeks ago—it was the "new" 1983 model—had a radio speaker grille on the fascia with ends that curled up like a stale sandwich. Current Ladas are undeniably a lot of car for the money; £2,500 buys a 1.2 litre four-door family-size saloon, £3,242 a 1.5 litre estate.



Toyota reliability plus European-type sophistication. It should be a formula for the new Camry's success. This spacious four door, five seat saloon is Toyota's first car with both front-wheel drive and a transverse engine. Driving it in Spain recently I found it cornered securely on mountain roads and the all-independent suspension gave an excellent ride. The five-speed gearbox has a slick change (a four-speed automatic with lock-up in top costs £410 extra), the light steering is by rack and pinion and the front brakes have ventilated discs. This quiet, nimble saloon costs £6,070 and should yield 35 mpg and more on a journey. Top speed is 110 mph (104 mph for the automatic) and the all-indirect gearbox has two overdrive ratios. In fifth, 3,000 rpm equals 70 mph for relaxed motorway cruising.

Next in the charts is the Skoda. One might call this Czechoslovakian machine a re-incarnation of the mid-1950s Renault Dauphine, though made of thicker metal. Other than the massive Tatra (also Czech and reserved for official use) the Skoda is Europe's last-surviving rear-engined car. Plans for putting the engine and power train up front have been spoken of for years but nothing has happened. Skodas (from £2,300) are even cheaper than Ladas. I haven't driven one for years but they are reputed to have minds of their own on wet roads.

FSO cars, once called Polski-Fiats, are based on the long defunct Fiat 125, fitted with a smaller and even older engine. The original 125 was quite a dashing car but the FSO drives like an Austin Cambridge. I ran one for a year from new and prefer not to think of the problems I had with it. We finally parted company when both of the swivelling quarter lights (do you remember those?) lost their securing catches on the same day. They just dropped off. Again, they are cheap; £2,800 buys a robust-looking four-door with a big boot. A smart looking but mechanically geriatric hatchback called the Polonez is £3,700. Build quality is said to have improved.

The Yugoslavian Zastava is not like the others, a Comecon product. This Fiat 128 derived hatchback is of more modern design, with front-wheel drive and all-independent suspension. It sells from £2,700 to £3,550 with 1.1 or 1.3 litre engine and three- or five-door bodywork and goes rather well, if noisily.

But it still lacks the finesse, visual and mechanical, of cars made in countries where the consumer has completely free choice.

This is, I suspect, the key to the differences between the East European and West European/Japanese product. In East Europe, a citizen is grateful to pay full list price for any kind of car. Here, we demand discounts (and why not?) or have to be bribed with offers of colour TV sets to buy cars that are the stuff of which dreams would be made in Russia, Czechoslovakia or Poland.

So, with an Aladdin's Cave of cars to choose from, why does Britain buy ever-increasing numbers of East European oldies? The obvious answer is price. It must be tempting to obtain a medium-size family car for less than the list price of a Mini. I can believe that they offer the undemanding motorist fair value for money, always providing they are reliable. How reliable are they, I would be glad to hear from owners and will publish a selection of views.

On the right. . .

WORRIES about driving on the wrong side of the road still deter would-be motoring holidaymakers from taking their cars over the Channel. The AA have just come to their aid with a reassuring and informative travel video. This hour long guide to what to expect in mainland Europe examines ferry bookings, routes to take, French motoring law and how to cope with emergencies. Ask for "Motoring in France" from any AA Travel Agency. The three-day hire charge of £2.95 is refunded if you make holiday travel bookings through the AA.

Three big problems of spring: greenfly, frost and weeds

GARDENING

ARTHUR HELLYER

LAST WEEK I was looking at an uncommonly comprehensive trial of periwinkles (vincas) in the Royal Horticultural Society's garden at Wisley, Surrey, when I was astonished to see that many of the plants were already attacked by greenflies. The weather had been cold and damp for weeks, Wisley is a notoriously cold garden and the trial is in an exposed field but there the greenflies were feeding greedily on the tender young shoots and visibly affecting growth.

It was a reminder of the dangers that await gardeners in spring and I would suggest three that are particularly likely to catch the unwary. One is this early attack by greenflies which is apt to go unnoticed until plants, and particularly roses, have been checked quite severely. The greenflies at Wisley were the first I have seen this spring but I am sure they are not the only ones and it would be wise to keep a sharp look-out for the little pale green lice which are quite effectively camouflaged by their colour on the young shoots and flower buds which they prefer above all others.

Nowadays there is no difficulty in controlling greenflies and other aphids for there are at least a dozen readily available aphicides with which they can be destroyed in a matter of hours. The danger is that the counter attack may be launched too late after the growing tips have been destroyed and the plants forced to start all over again. One of the fastest acting of these chemicals is pirimicarb and it has the additional merit of being specific to aphids and harmless to other insects, including bees and useful predators such as ladybirds and lace wing flies, but there are many other good ones including pirimiphos-methyl, bioresmethrin, permethrin, dimethmoate, formothion and malathion.

The second danger that threatens plants in spring is frost; not so much frost by day, which is unlikely to be severe now in any but the coldest places but the much more insidious radiation frosts which occur at night or very early in the morning when the sky is clear and there is little wind. The earth then loses heat rapidly to the sky and the chilled air flows steadily downhill to collect in and cause the most serious damage to plants growing in what might seem to be sheltered valleys and hollows.

Every year spring frosts cause serious injury to plants somewhere and sometimes the effect is widespread. It is young seedlings, half-hardy plants and blossom that are most at risk but in my own Sussex garden, part of which is a frost pocket, I have seen the young growth of nettles and oak trees blackened in May. Admittedly this is exceptional but hardly a year passes without some plants suffering damage, for though I am well aware of the risks there are times when I am caught unprepared or the frost occurs while I am away *from home* or when I have taken unwarranted risks.

The danger to fruit blossom is one of the reasons why commercial fruit growing is confined to certain areas where the spring frost risk is at a minimum and it is also one reason why camellias and early flowering rhododendrons do better in woodlands than in the open since even a canopy of bare branches gives some protection. Indeed, it is surprising how little cover is required to ward off the worst effects of radiation frosts. Very fine mesh netting draped over fruit bushes or drawn across the strawberry bed may be sufficient or polythene sheets may be used in similar ways. Polythene is a poor material to retain heat but it is excellent in sheltering plants from wind or preventing the slow downward flow of cold air.

Devices are available which warn when frost is imminent. Only a few days ago I received [...] guard which emits a long low howl when the temperature falls to 1 deg.C which might be a bit daunting for neighbours. But such instruments are only likely to be required for safeguarding valuable crops. For most garden purposes the broadcast weather reports should be adequate.

The third danger of spring is that weeds may take a giant leap forward before one is ready to deal with them. The same warm, moist conditions which bring all the lovely spring flowers also favour many weeds but some much more than others. The little bitter cress, which looks so harmless, is not only already flowering but some plants are actually distributing seed. As one grasps the plant to pull it out the tiny seed vessel explodes and the seeds are thrown far and wide. Grass is a bad offender for it starts to grow very early, as soon as soil temperature reaches about 7 deg. C. and the red dead nettle hardly ever seems to stop growing or flowering. It is a pretty weed but an awful nuisance, almost as bad as the even prettier blue bird's eye, another early starter.

Every garden has its own weeds and one learns with experience how best to deal with them. If the soil is reasonably clean to start with and one can start early hand-weeding and hoeing may be quite sufficient for weeds but not for all. I battled with couch grass, bindweed and ground elder for years until three herbicides solved my problems. For couch grass it is a newcomer named alloxydim sodium and marketed by May and Baker as Weed Out. It is specific to grasses, particularly couch grasses, and will kill them slowly but surely even when they are growing in clumps of garden plants as they are so fond of doing.

Bindweed starts to grow late when temperatures climb into the 20sC. and then it falls an easy victim to that old selective lawn weedkiller, 2,4-D. One can paint it on the leaves or draw the long stems through a gloved hand dipped in a *normal dilution* of the herbicide. It is wise to don two gloves, first a rubber one to keep liquid from the skin, then a woollen one to absorb the herbicide.

Finally ground elder, which is even worse than either of the others at getting itself inextricably mixed up with garden plants, can be killed with glyphosate (Tumbleweed or Roundup). Again it is necessary to get the herbicide on to the weed leaves and keep it off garden plants. With great care it can be done with a small trigger operated sprayer and a piece of cardboard or a flower pot to screen the plants. Murphy are now marketing an ingenious Tumbleweed, a metal tube with a specially designed bottle of herbicide at one end and a wick at the other which can be stroked across weed leaves without stooping. It could be just the thing to nip

BUILDING SOCIETY RATES

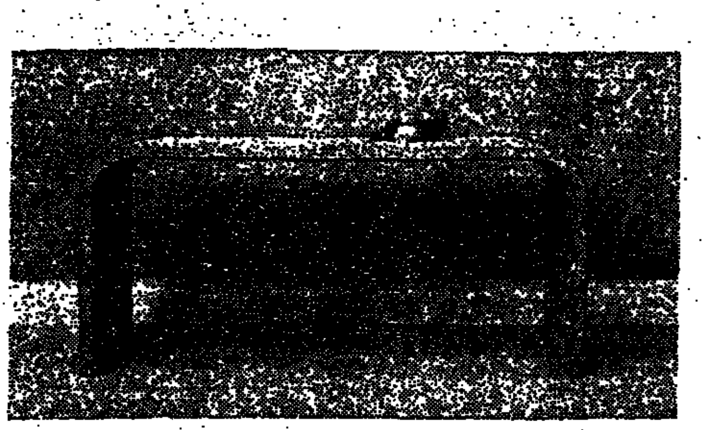
	Deposit rate %	Share accounts %	Sub'pn shares %	% Others
Abbey National	6.00	6.25	7.25	7.25 1-year high option; 7.25 6 years sixty plus; 6.75 min. £100, 7 d. not. no int. lost
Aid to Thrift	7.00	7.25	—	—
Alliance	6.00	7.25	7.75	7.25 3 years Money Monthly £1,000 min. Interest paid monthly
Anglia	6.00	6.25	7.25	7.25 3 yrs., 2 mths.' withdrwl. notice
Birmingham and Bridgwater	6.00	6.25	7.75	7.25 Extra Interest Shares
Bradford and Bingley	5.75	6.25	7.25	7.00 1 m. not. or on dem. (int. pen.); 7.25 High I. a/c 3 m. not. (no pen.)
Britannia	6.00	6.25	7.25	7.50 Option Bond, 7.25 2 mths.' not.
Cardiff	6.00	7.00	7.75	—
Cardiff	—	*7.50	—	— * Share a/c bal. £10,000 & over
Catholic	6.00	6.50	7.50	7.50 6 months' deposit, £500 min.
Century (Edinburgh)	6.50	7.00	—	8.00 2-4 years
Chelsea	6.00	6.25	7.25	7.50 im. wdl. (int. pen.) or 1 m. not.
Cheltenham and Gloucester	6.00	6.25	7.25	—
Cheltenham and Gloucester	—	7.25	—	— Gold Account—savings of £1,000 or more. No notice—no penalty
Citizens Regency	6.00	6.50	8.00	7.50 3 yrs. Double Option shs. 7.40
City of London (The)	6.25	6.60	7.50	8.09 £10,000-£30,000, monthly income, 3 months' notice no penalty
Coventry Economic	6.00	6.25	7.50	7.75 4 yrs., 7.50 3 yrs., 7.25 3 mths.
Derbyshire	6.00	6.25	7.50	6.75-7.35 (3 months' notice)
Greenwich	6.00	6.50	7.75	7.75 2 yrs., 7.50 28-day pen./notice
Guardian	6.00	6.50	—	8.25 6 mth., 7.75 3 mth., £1,000 min.
Halifax	6.00	6.25	7.25	7.25 Extra Interest Plus, 3 months' wdl. notice or loss of interest
Heart of England	6.00	6.25	7.50	7.00 1 mth. not., 7.25 flexi. tm. 3 yr.
Hemel Hempstead	6.00	6.25	7.50	7.75 3 yrs., 7.50 3 months
Hendon	6.50	7.25	—	8.00 6 months, 7.75 3 months
Lambeth	6.00	6.50	7.75	8.00 6 mths., 7.75 28 days, 7.25 3 m.
Leamington Spa	6.10	6.35	6.60	—
Leeds and Holbeck	6.00	6.25	8.00	7.75 5 yrs., 3 mths.' interest penalty
Leeds Permanent	6.00	6.25	7.25	7.25 HRAS, 7.00 E.I. a/c £500 min.
Leicester	6.00	6.25	7.25	7.25 3 yrs., 7.25 3 months
London Grosvenor	6.00	6.60	8.50	7.10 3 mths.' notice 1 mth. int. pen.
London Permanent	6.00	6.75	—	7.50 1 m. not. or on dem. (int. pen.)
Midshires	6.00	6.25	7.50	7.25 1 year, 3 months' notice no pen.
Mornington	6.80	7.30	—	—
National Counties	6.25	6.55	7.55	8.00 28 days, 8.25 6 mths., £500 min.
National and Provincial	6.00	6.25	7.25	7.50 3 yrs., 7.25 2 mths., 7.00 1 mth.
Nationwide	6.00	6.25	7.25	7.25 3 yrs., £500 min. imm. wdl. with penalty. Bonus a/c 7.00 £500 min. imm. wdl. with penalty
Newcastle	6.00	6.25	7.50	7.75 4 yrs., 7.25 28 days' notice, or on demand 28 days' int. penalty
New Cross	7.00	7.25	—	7.25-8.25 on share accs., depending on min. balance over 6 months
Northern Rock	6.00	6.25	7.50	7.00 High int. sh. 7.25 Prem. share
Norwich	6.00	6.25	7.50	7.25 3 yrs., 7.00 2 yrs.
Paddington	5.75	6.75	8.25	7.25 7 days' notice
Peckham	6.75	7.00	—	7.50 2 y., 8.00 3 y., 8.50 4 y., 7.25 Bns.
Portman	6.00	6.25	7.75	7.75 2 mths., 7.25 Flexi-Plus
Portsmouth	6.35	6.55	8.05	8.40 5 yrs., 8.00 6 mths., 7.50 1 mth.
Property Owners	6.25	6.75	8.25	8.25 4 yrs., 8.25 6 mths., 7.75 3 mths.
Scarborough	6.00	6.25	7.50	7.25 Money Care + free life ins.
Skipton	6.00	6.25	7.50	7.00-7.15 (1 mth.), 7.25 3 yrs.
Stroud	6.15	6.25	7.50	7.85 3 mths., 7.25 1 m. (no penalty)
Sussex County	6.15	6.40	8.15	6.90-7.90 all with withdrawal option
Sussex Mutual	6.25	6.50	8.00	6.75-8.00
Thrift	6.15	7.15	—	9.15 5 yrs. term. Other accnts. avail.
Town and Country	6.00	6.25	7.50	7.50 3 yrs., 60 days' wdl. notice imm. wdl. 28 days' interest loss
Wessex	6.25	7.30	—	—
Woolwich	6.00	6.25	7.25	7.25 90 days (int. loss); 7.25 Special Interest Shares 90 days' not. or imm. wdl. with 90-days' interest loss (min. £500); 7.00 immed. wdl. 28 days' int. loss
Yorkshire formerly Huddersfield & Bradford and West Yorkshire	6.00	6.25	7.25	7.25 5 Star Bond min. £500, 2 mths.' not. with pen., 7.25 Golden key imm. wdl. 28 days' pen. interest

All these rates are after basic rate tax liability has been settled on behalf of the investor.

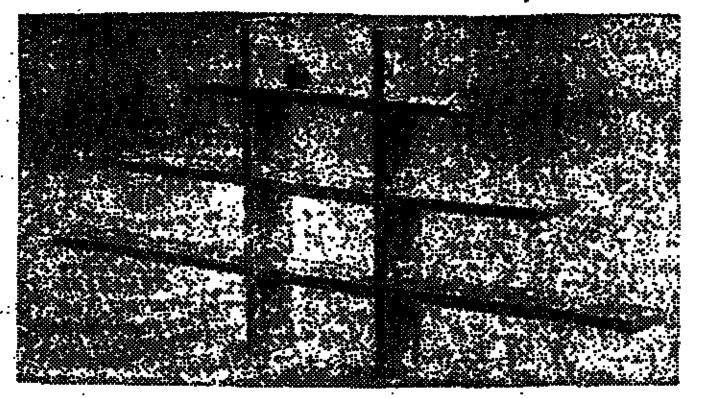
HOW TO SPEND IT

by Lucia van der Post

Woodwork from the workshop



Small table with a laminate finish by Innova



One of Innova's combinations of shelves

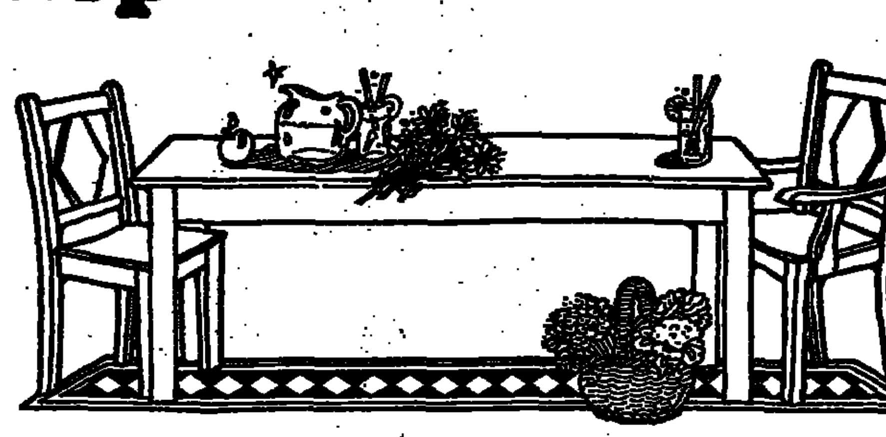


Table of solid mahogany from Tukan Timber

A pyramid of shelving from Innova

FOR SOME years now, as much of our mass-produced furniture has apparently failed to meet the needs of the British public, small groups of *designers and cabinet-makers* have set up their own small workshops where they can offer something the big boys can't—an individual service. Those who want cabinets, or dining-tables, or chairs, or anything else, made to special dimensions, or in special woods and finishes have almost more choice than ever before. The whole "small is beautiful" and craft-orientated movement has led to a proliferation of small workshops around the country.

Some of them make everything by hand, others set up small production runs which allow for special orders and sizes but at the same time help to keep costs down to something nearer the manufactured versions.

The two enterprises whose work is shown photographed *and sketched here offer* exactly this choice.

Up in Suffolk, Tukan Timber offers a range of tables and chairs, in straightforward and simple designs (like the dining-table sketched above right) *but the chief* advantage it offers is that tables, for instance, can be produced to any size. The company has been in timber for some years, importing mahogany and other hardwoods from Brazil. They use local Suffolk craftsmen to make all the pieces entirely by hand and find that they can usually cater for special lengths, widths and shapes at no extra cost.

The craftsmen use traditional mortice and tenon methods for all the frame-joints, pegged to form a sturdy unit. Table-tops are tongued and jointed with the strong modern glues to make one-*piece tops. Tops come in a* variety of thicknesses from one to two inches.

Anybody who wants a table top made from a single, very *wide board can do so*—these logs are rare but the company has access to them from time to time and keeps them for special orders.

Besides the Brazilian mahogany the company also has stocks of Brazilian cherry, and other hard woods like oak, elm, ash or beech so that all the designs they do can be ordered in any of these woods.

The basic tables on offer are a *farmhouse* design, a classic refectory dining-table or straightforward rectangular one, a round or an oval one but if there is anything else you have a yen for (maybe hexagonal?) then try them, *because service* is what the company is all about.

To give some idea of prices—a 7 ft by 3 ft rectangular table, with a I inch thick top, *is* £255, a 4 ft diameter round table with a 2 inch thick top is £275, while a refectory table is about £395. Solid mahogany chairs are between £70 and £90.

If you want to see a sample of the woods on offer the company will send them and if you want further details there is a very explanatory leaflet setting out the major design types, prices and options available. Write to Tukan Timber, 2 High Street, Saxmundham, Suffolk with a sae.

Innova is a company which offers a slightly different, more sophisticated range of products. It makes no bones about the fact that it actually manufactures (as *opposed to making* by hand) most of its furniture but it is all made to order so customers have the choice of a variety of sizes and finishes.

The idea behind the company is that small production runs of mainly free-standing design would allow it to achieve high standards at not too high a cost while at the same time having flexibility to offer customers a wider choice.

Most of the basic product range is of wooden construction. There are some fine sets of shelves—two of them photographed here, above second from the left and far right—made from solid timbers like ash, oak, beech or cherry. Each is about £150.

Besides the wooden shelving units there is also a collection which incorporates materials like Perspex, laminates and *metals*—in particular I liked a fine selection of simple tables designed by Philip Hearsey for the company (one of them is photographed above left). This entire range can be ordered to any reasonable size, or can be finished in any laminate colour (a very chic dark grey or black graph Formica has been very popular). The table photographed is about £370.

Innova is to be found at 18 St Owen's Street, Hereford HRI 2PL. The company has brochures it will send to any interested readers but much of its work is special commissions—from hi-fi installations through to one-off pieces of furniture.

Master Printer Edward Egerton-Williams, left, preparing a plate for printing. Right, Plate 285 of Banks' Florilegium, Banksia Serrata Linnaeus.

A botanical dream comes true

IT IS seldom that I dare to write about anything that has as high a price-tag as the £50,000 plus it will cost anybody who wants the complete set of engravings that make up *Banks' Florilegium* but this seems to me a project so extraordinary, an enterprise so bold and unique that even those who will never own it would like to know that it is happening and to know where it may be seen.

Anyone who takes an interest in the modern artist's print will have heard of Editions Alecto—they were one of the early pioneers of this art form, commissioning and encouraging some of our best contemporary artists. For the last three years, however, modern artists have been temporarily abandoned while Joe Studholme, one of the original founders of Editions Alecto, and his team devote themselves and all their resources to producing 100 *sets of the* 738 botanical engravings made by Joseph Banks on Captain Cook's historic first voyage round the world in 1768 to 1771.

As an article in the Smithsonian Magazine recently put it—this is a story that began over 200 years ago and will only be finished some *time in early* 1988. For *on* that historic voyage aboard Cook's Endeavour, Joseph Banks, as well as the botanist Dr Solander and two draughtsmen, determined to collect and record every detail of every botanical specimen they came upon. As the ship called in at many places, including Madeira, Rio de Janeiro, the Society Islands, Australia and New Zealand, the water-colours and drawings were an amazing record of a wide range of botanical history.

Banks himself wrote something of the method he used. "We sat at the great table (in the Endeavour) with the draughtsman directly across from us. We showed him how the drawings should be depicted and hurriedly made descriptions of all the natural history objects while they were still fresh. . . . These completed accounts were immediately entered by a secretary in the books in the form of a flora of each of the lands we had visited."

It was not always possible for the draughtsman to catch all the colours before they faded but in this case he would make a *quick, outline* field sketch in pencil, colouring in just enough detail for accurate completion later. So good were these notes and *sketches* that artists were later able to complete all the water-colours.

When Endeavour reached England, the watercolour drawings were finished first under the fine eye and super-*vision of Joseph Banks* himself (he used his own money for the task). From there some 743 fine copper plates were made. This took some 13 years and Banks himself having become an eminent botanist and president of the Royal Society, was never able to find either the time or the energy *to finish the process* and publish the colour prints from the copper plates.

On Joseph Banks' death the plates and drawings were left to the British Museum and there they have lain in the Natural History section until Editions Alecto embarked upon the huge task of printing them.

Publishing the work in the way that does it justice has meant not only finding the right premises (a warehouse near Fenchurch Street) but also bringing together many rare skills and crafts, tracking down the right sorts of papers and inks, as well as approaching the museums, libraries and institutions which would eventually buy the completed work.

Banks' Florilegium is what the whole publication is called—in January 1981 the first parts (Australia plates 1-225) were published, the last will only to be completed in early 1988. Of the 100 sets being published, the Australian and North American allocations have already been taken up—the long article in the Smithsonian Magazine last month seems to have brought in subscriptions which took care of the few remaining sets designated for America. A very few sets remain and it is the ardent hope of Joe Studholme and the Editions Alecto team that more British institutions will realise the inherent beauty and unique scientific value of the works—Oxford and Cambridge have yet to find the funds (or the donor?) to buy a set.

Certainly anybody who looks at the finished works cannot help but be overcome by the infinite patience, care and scholarship that has gone into the venture. Each and every print is a work of great beauty, and of such historical importance that it is quite overwhelming. Anybody who wishes to see either the *original* dried specimens brought back from the voyage or the water-colours done by the draughtsman on the voyage and those who completed the job thereafter may see these in the British Museum (Natural History) in the Botany library.

If you want to see what the finished published parts of Banks' Florilegium look like, the city libraries of Edinburgh, Cardiff, Birmingham and Belfast have each subscribed to a set and if you ask to see them you ought to be able to. In London visitors to Editions Aelcto, 27 Kelso Place, London, W8, or to the British Museum (Natural History) can also ask to see them.

The wireless telephone

I AM NOT sure how much of the market for cordless telephones has already been satisfied by the many illegal ones still to be found in houses and stores up and down the country but those who would find it more comfortable to operate within the law might like to know that it is now possible to buy a perfectly legal version. The price of peace of mind, however, is high—Fidelity's new Wanderer, as it is somewhat fancifully called, costs £170. Illegal versions, I am reliably informed, come up to £50 cheaper.

The need for a cordless telephone might seem to be somewhat esoteric (visions of landed gentry who might be *at the other end of the* greensward or lounging by the swimming pool when the urgent transatlantic call comes through springs to mind) but British Telecom, who will shortly be selling its own fully-approved version, think that the market might run to about 1m a year.

Certainly a cordless telephone would do away with the need for many extensions, would enable one to answer the 'phone when in the bath, out in the garden, or washing the car.

If you are confused as to what the difference is between the officially approved telephone and its frowned-upon rivals the answer lies in the frequencies the appliance operates on—the Fidelity Wanderer, for instance, operates on a frequency which has been approved by the Home Office and British Telecom and which does not cause interference with other services or disturb exchange equipment. The illegal interlopers are using frequency ranges that could possibly interfere with emergency services, police or other people's telephone lines.

The principle of the 'phone seems to be quite simple—a base unit plugs into a normal socket and is also connected to the mains. The handset can then be used anywhere up to 200 metres (or 600 ft for the non metrically-minded) for both receiving calls and dialling out.

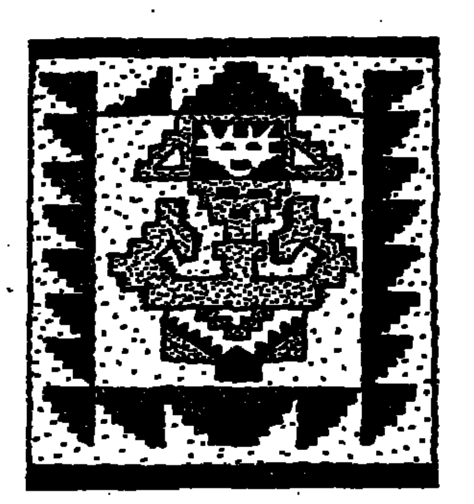
The design looks sleek and neat enough and there are those for whom the £170 it costs will no doubt seem well worthwhile. The Wanderer will be available early in May and demand is expected to be heavy so those wanting one should start placing orders now. It will be stocked by shops like *Boots (80 branches), Comet,* Dixons, John Lewis Partnership and Rumbelows.

TELEPHONES in the car, or even better, on the yacht, have been a status symbol for some time, however most of them work via an operator. A new car telephone has just been launched which is one of the few to enable the owner *to dial and receive calls directly himself.* Air-Phone is the system (it does not have Home Office approval but no known prosecutions have yet been recorded), it has a radius of up to 40 miles in good conditions.

The user can speak for as *long as he likes*—as opposed to the two minutes restriction that some operator-controlled systems operate. The system is British-made and costs *£1,500 from CallSaver,* 3 Caledonian Road, Kings Cross, London N1 (tel. 01-278 5187).

Peru by post

Drawings by Anne Morrow



INCA has been happy hunting ground for Sloane Rangers for many years now.

Conveniently situated plumb in the middle of Sloane country, at 45 Elizabeth Street, London SW1 (tel 01-730 7941), its brightly coloured knitwear, ablaze with folkloric figures, its soft grey and camel Alpaca sweaters, its rugs and exotic-looking baskets, have added considerable colour and a striking ethnic note to that rather elegant corner of London.

The shop has always been happy to help customers all over the country but it has now brought out, for the first time, a full colour leaflet from which anybody may buy by mail. Everything in the shop, as the name suggests, comes from Peru—everything seems almost embarrassingly priced, considering what hand-knitted pure wool sweaters by British designers are currently selling for.

Prices start at as little as £12 for a hand-framed 100 per cent sweater in a variety of patterns and colours. Pure Alpaca ones are about £16 and the new and ravishingly pretty sweaters made from vegetable dyes are a little more than £30.

The Inca range for children is particularly pretty and most children would love it—lots of brightly-patterned leg-warmers, socks, gloves, small purses, hats and sweaters. The leaflet warns that everything has been made by hand by people factory or a sizing chart, so workmanship and sizing tend to be a bit erratic but this is, after all, part of their charm.

If you'd like to see what the shop sells and have a chance to order by mail, send a sae to Inca at 45 Elizabeth Street, London SW1 and you will receive one by

ARTS

Hell's bells

RADIO

B. A. YOUNG

For listeners overcome by the religious broadcasts earlier in the day, Radio 4 offered on Sunday evening *Inferno Revisited*, written and composed by Peter Howell, and directed by him too, in collaboration with Brian Hodgson, from the BBC Radiophonic Workshops. If you had happened to have a UHJ matrix decoder by you, you could have heard it in Sensurround.

The guide on our trip to Hell greeted us in Italian, a tongue still much spoken down there, it seems. Our guide, however, being Alec McCowen, soon returned to his and our native language. How friendly and enticing he was as he led us through the great stone gate with its familiar inscription, *Lasciate ogni speranza, voi ch'entrate*. But as the trip progressed, over the Acheron stream with its blood-red tint due to tin deposits, past the mist-enshrouded valley of Limbo, through the Second Circle with its memories of Paolo and Francesca and the Third Circle, where the visitors were allowed to gorge themselves with fruit from the dead trees, over the Styx, to the gate that leads to the centre of Hell, he became rather more threatening. Just push the gate, there's no turning back. You want your money's worth, don't you? You want to see Satan? Then the ultimate business—deep down in a back room of your brain, is there not one final question?

I suppose one mustn't expect to enjoy oneself in Hell, but oh, now I've heard this I shall abandon all my weaknesses and concentrate on salvation. Such a combination of pretentiousness and tedium I've never heard. The little flags of programme music, played by Serenata Notturna to illustrate each of Mr Howell's thoughts, the chatter and despair of the touring Radio Drama Company, the chanting song of Singcircle, for me they added up to a total zero. You are inanimate, Mr McCowen told his charges, no longer part of anything. That's just how I felt.

Less pretentious, and (in one case, anyway) less tedious were a couple of stories read on Radio 3. The better of them, on Friday, was *A Clear Conscience*, a tale by the Spanish writer Carmen Martin Gaites, translated by Lester Clark, about a poor girl in desperation at the apparently imminent death of her illegitimate daughter. She summons, with an imperiousness born of ignorance, the doctor who had treated her in a clinic long before. He consents to go to her, knowing there will be a row with his fiancee if he can't keep his appointment with her. But the child dies en route for the hospital; her mother, equally imperiously, now demands that the doctor shall take her into his home. He doesn't; but he doesn't see his fiancee either. It is a simple story, but touchingly adorned with appropriate colour. It was nicely read by Stephen Moore.

Thursday's story, *The Anorexic Cuckoo*, was an anecdote telling how the cuckoo in a Swiss clock scored a deathbed victory over an electric clock presented to its owner as a retiring gift. The author, Jack Emery, has treated the eponymous bird anthropologically, thus giving the tale the feeling of a nursery story. Come to think of it, its intellectual content was strictly at a nursery level, even the jokes. Especially the jokes. Why Timothy West should have pronounced the first syllable of "cuckoo," when detached from the second, to rhyme with "duck" was hard to understand, unless it was to emphasise the moments when it was naughtily made to suggest something else. This really was not one of Radio 3's better times.

On Wednesday on Radio 3, Professor Christopher Zeeman, FRS, was interviewed in a programme called *How Science Works* and left that problem completely untouched. Professor Zeeman, director of the Mathematics Research Centre at Warwick University, deals in pure mathematics, where, as he frankly told us, mathematicians in different fields are unable to talk to one another. "Most mathematics is a closed book to me," he said genially. He could tell you (if you were able to follow him) how to untie a sphere knotted in five dimensions, and he would be the first to admit that the only value of such a problem is its intrinsic beauty.

So I still don't know how science works; but I'm reinforced in my belief that science is fun. "Far more amusing than crossword puzzles," one of the science-masters at my school uesd to say as he demonstrated some enjoyable reaction in chemistry.

Sir Michael Levey and 'Virgin and Child' (follower of Antonello da Messina)

Sir Michael's choice

BY ANTONY THORNCROFT

Sir Michael Levey this year celebrates his first decade as director of the National Gallery. As a small present to himself he has selected 25 paintings from the Gallery's lower floor to hang in the Boardroom until May 31.

All the National Gallery's 2,050 paintings are on view but around 1,200 of them can only be displayed in the lower depths, a jumble of the good, the bad, and the not quite discernible, which is frequented by few of the Gallery's 2m-plus visitors. The paintings tend to be the less distinguished works given to the Gallery over the years but there are undoubted treasures, mainly works which fail to get a better display because of worries about their attribution.

Sir Michael has chosen paintings for enjoyment with no need to worry about who the artist was. An attractive portrait of a young girl has the look of a David about it, but then the background seems to be Italian. Is is late-18th century, or much earlier? Who cares; what matters is its charm. Another particular favourite of Sir Michael is by Otto Scholderer, a friend of Manet, whose work might not match the masterpieces on permanent display in the main galleries, but which has considerable merit. Many of the paintings have been cleaned to show up their virtues: many of them are puzzles, and Sir Michael hopes that bringing them into the spotlight might encourage an expert to more accurately date or attribute some of them.

A few of the paintings from downstairs may get promotion when the extension to the National Gallery is completed (in five years' time?). But the extra space will be devoted to early Renaissance works, and the opportunity will be taken to improve air conditioning and the hanging of the major paintings in the main gallery. Also the National Gallery acquires around five paintings a year so the extension will really be coping with the accumulation of masterpieces. The lower gallery will remain a happy hunting ground of eccentric works, outsize paintings, and, by today's taste, the second rate.

Sir Michael has some satisfactions at the end of ten years. He is pleased with the new restaurant, with the 50 or so paintings acquired, in particular bringing the National Gallery into the 20th century with the acquisition of a Picasso and a Matisse, and the northern extension. He wants a lecture theatre and more money to plug the few gaps in the National Gallery's collection, notably a David and more German paintings.

He would also like to build up the late 19th century sector, but with a grant this year of £3.3m, the price at auction of perhaps just one real masterpiece, he is dependent on gifts, or the working of private treaty sales to round off the National Gallery. Sir Michael has shown that he is quite prepared to spend virtually a year's grant on a very fine painting, as is the case with Rubens's "Samson & Delila," and he has started negotiations to acquire some other important works. But it would require Government action, perhaps in the form of alloying tax credits on works of art offered to the nation, to greatly affect the National Gallery collection. Since it is perhaps the most comprehensive in the world Sir Michael should perhaps concentrate on bringing the public in to see the paintings. He is encouraged that March saw over 250,000 admissions, the best for years.

Tony Palmer's Wagner

BY CHRIS DUNKLEY

The main facts about Tony Palmer's *Wagner* are that it is nine hours long—12 with meal breaks when seen in the cinema all at one go—stars Richard Burton in the title rôle, is filmed on some enchantingly beautiful locations, and provides an account of the man's life which, by the standards of previous composer films (the romantic gush of *Song Without End* on Liszt for instance, or the sheer exploitation of Chaikovsky in *The Music Lovers*) is, historically speaking, remarkably accurate and honest.

That was perhaps to be expected since Palmer's previous recent work has been the award-winning television biographies of Britten and Walton. Less predictable was the special dimension added to *Wagner* by Vittorio Storaro's photography. The film looks like a vast gallery of narrative paintings by Turner and the pre-Raphaelites illuminated by irregular shafts of dusty sunlight.

Moreover, the powerful sense of the peculiar manner in which artistic and political revolution overlapped in 19th century Europe seems almost as much a product of Storaro's virtuoso use of the camera as of Palmer's original vision. Together they create set pieces which are occasionally reminiscent of Max Ophuls in their treatment of space, movement and light: Wagner's political speech in a theatre lit by thousands of dripping candles, for example. (Though here as often elsewhere the words on the soundtrack are at odds with the lip movements.) The surprise is that Palmer, whose skills in television have often seemed to be primarily those of an outstanding film editor, has left *Wagner* looking far too often like a rough assembly of such set pieces.

Starting with a rather drab Vanessa Redgrave as the composer's second wife Cosima accompanying Wagner's coffin down the Grand Canal, the film flashes back to the days spent as kapellmeister in Dresden during his thirties with his first wife, Minna (Gemma Craven, versatile as ever) and then follows him from country to country, bed to bed, and from one exploited mentor to another pursued by creditors and even the police. His wrapped piano, crossing frontiers on cart and sledge being hoist from a barge into a Venetian palazzo, becomes the symbol not only of Wagner's calling but of his itinerant career.

Yet that and a few other repetitive images—fire and water, molten metal and the anvil—are the only patterns which Palmer imposes. Where Wagner's character is concerned the portrait gains its strength from a refusal to make neat rationalisations. The greatest achievement is that in the end we believe in the humanity of Richard Wagner even though we have been shown that Genghis Kahn might have found his philosophy unacceptably right wing.

In an enviable casting coup Palmer has brought together for the first time Britain's three theatrical knights: Gielgud, Olivier and Richardson. They have a wonderful time as Ludwig's bickering courtiers. Laszlo Galffi (*Wagner* is a British/Hungarian co-production) just controls an urge to go over the top with mad Ludwig himself, and Marthe Keller as Mathilde Wesendonck, Wagner's great passion during the writing of *Tristan and Isolde*, effortlessly steals every scene she appears in.

Yet although honest, historically accurate, and often beautiful the film is also heavily flawed. Burton slightly resembles the portraits of Wagner but he is sadly miscast not only because he is incapable of looking 30 but because he never conveys the passion and fire which the music tells us seethed within the composer. His director could have helped.

Above all, and most astonishingly given Palmer's preoccupations and the unconscionable time he allows himself, the film never gets to grips with the music itself and its revolutionary nature. Still, the relatively little that we hear does sound good on the Dolby sound system in a big cinema, so see *Wagner* there if and when it appears again rather than split into bits on television as it will probably end up.

Hard Knocks

BY MARTIN HOYLE

Hard Knocks, a new play by Stephen Wakelam in the Royal Court's Theatre Upstairs, begins with a brisk sequence of blackout vignettes punctuated by flashbulbs that freeze the speakers into typical celebration snaps at the wedding party. This includes Danny, black, gay and on the game; slaggy Gloria who's "had the whole football team"; sexually indecisive Mark; and Mark's girl-friend from university, Alison, a middle-class liberal at the beginning of a legal career.

The heavily-bandaged groom and his mate (not his wife: we're into male bonding) have an affray charge hanging over them. Colin is as awkward in his new role as husband as he is as a reluctant adult; Paul is a cheerful petty crook, *l'homme* slightly sub-*moyen sensuel*.

You'll wait in vain for class polemics or a tract on the evils of growing up in Thatcher's Britain. The overriding impression left by Simon Curtis's production is of the author's ear for verbal incongruities. Some of the funniest lines go to a comic gem, the gormless Janette, whose lugubriously low-key confession of bigamy ("I thought of ringing Capital Radio at first") conceals the intuitive shrewdness of her dead-pan near-blackmail of a homosexual solicitor ("Do you do a lot of jogging?" she politely enquires of a male tart on Hampstead Heath).

"I'm torn between a farm in Scotland and becoming a master criminal," is the young husband's wry self-appraisal. A disorientated idealism leads him to health-food fanaticism and the rejection of offered work. His best friend had less hesitation in a childhood drift to crime: "Saturday morning it's not *Swap Shop*—you nick from Wooly's," he snarls during an unlikely affair with the woman lawyer.

Mr Wakelam ventures on to Mike Leigh territory with his self-made spiv of a solicitor, upwardly mobile with a vengeance. Unlike Leigh, he shows a certain charity towards his characters, and both explains the man's ruthlessness (memories of early injustice to his widowed mother) and softens it with the vulnerability of homosexuality.

The Activists Youth Theatre's cast has the virtues of unactorish freshness and sometimes unnerving authenticity. Its main defect is occasional woodenness in speaking lines. But over-familiar themes (young marriage under stress, sex-role reversal, male comradeship *v* domestic responsibility) are surveyed with a battered, resilient optimism, as bracing as young adulthood when, to quote the play's conclusion, it's all "fresh air, spring and bloody freezing."

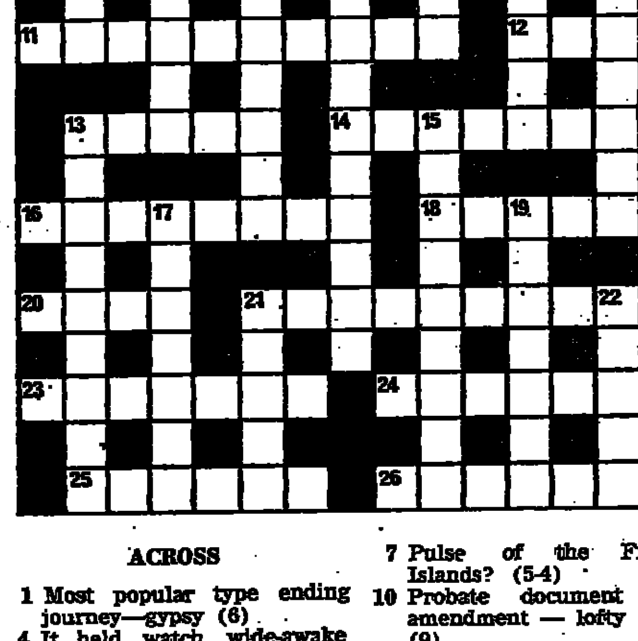
F.T. CROSSWORD PUZZLE No. 5,154

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....



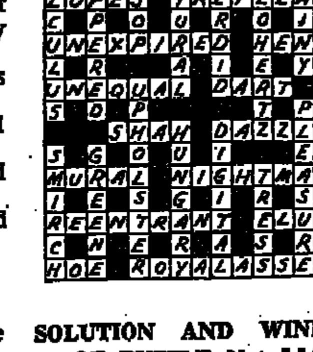
ACROSS

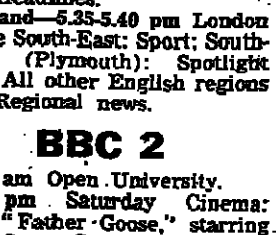
1 Most popular type ending journey—gypsy (6)
4 It held watch, wide-awake around Beachy Head (6)
8 Dicey ways of climbing on board? (7)
9 Sporting honour to tease group of players (7)
11 Bonhomie could become a motorway skill (10)
12 Buck up or bring up (4)
13 True skin-wound is to follow (5)
14 Lor! 'endon sort? (8)
16 Extract of little girls' make-up. . . . (8)
18 . . . Welsh sign of girls grown up (5)
20 Satirical piece from the mask itself (4)
21 In a winning style, court defence taken individually (10)
23 Favour shown to trees coming to grief (7)
24 Is its product served in red China? (7)
25 Antiquated old person found in digs. . . . (6)
26 . . . inventor of unaffected manner when retired (6)

DOWN

1 True number in the province (5)
2 Third note played and time went wrong (7)
3 He fancied himself as a pools-winner (9)
7 Pulse of the Friendly Islands? (5-4)
10 Probate document needs amendment — lofty paper! (9)
13 eg putting on a face? (5-4)
15 Latest reports hold good where you buy your FT (4-5)
17 She likes a long run—Cresta's tipped (7)
19 Pickle-fruits from small island leaves (7)
21 Scientist's dish of tripe (5)
22 Listener in outskirts of London can pick things up (5)

Solution to Puzzle No. 5,153





SOLUTION AND WINNERS OF PUZZLE No. 5,148

Mrs Carter, 5 Michleham Down, London, N.12. Sir Alan Marre, 44, The Vale, London, N.W.11. Mr P. T. Gallie, 601...

BBC 1

† Indicates programme in black and white

6.25 am Open University. †8.55 Edgar Kennedy in "Noisy Neighbours." 9.15 Get Set. †11.00 "Trouble Brewing," starring George Formby. 12.27 pm Weather.
12.30 Grandstand including 1.00 News Summary; Football Focus (12.35); World Snooker (1.05, 1.40, 2.40, 3.55) Embassy World Professional Championship; Racing from Leicester (1.25, 1.55, 2.25); Squash (2.10) Reports on Pakistan's World and British Open Champion; Tennis (2.40, 3.55) The State Express Classic; Swimming (2.40) The Yorkshire Bank International: Great Britain v Holland; 3.45 Half-time soccer scores; 4.35 Final Score.
5.10 Tom and Jerry.
5.25 News.
5.35 Regional Variations.
5.40 The Dukes of Hazzard.
6.25 Date with Danger: "The Beasts Are On The Streets," starring Carol Lynley.
8.00 Eurovision Song Contest 1983 from the Rudi-Sedlmayr-Halle, Munich.
10.10 News and Sport.
10.25 Blood Money.
11.25 Saturday Late Film: "Steel Cowboy," starring James Brolin and Rip Torn.

Regional variations:

Wales—5.35-5.40 pm Sports News Wales.

Scotland—5.35-5.40 pm Scoreboard.

Northern Ireland—12.30-5.10 pm. Grandstand—All details as BBC-1 except: 3.05-3.55 Rugby: AIB Cup Final, Collegians v City of Derry from Ravenhill, Belfast; 5.00-5.10 Northern Ireland results; 5.35-5.40 Northern Ireland News. 1.00 am Northern Ireland News Headlines.

England—5.35-5.40 pm London and the South-East: Sport; South-West (Plymouth): Spotlight Sport; All other English regions Sport/Regional news.

BBC 2

6.25 am Open University.
3.10 pm Saturday Cinema: "Father Goose," starring Cary Grant and Leslie Caron.
5.05 Grand Slam.
5.30 World Snooker.
6.10 States of Mind.
7.00 News and Sport.
7.15 Alfred Brendel Masterclass.
8.00 Rugby Special: AIB Ulster Challenge Cup: Collegians v City of Derry.
9.00 Roger Doesn't Live Here Anymore by John Fortune.
9.30 Film International "Pastorale," (with English subtitles).
11.05 News Headlines.
11.10-12.35 am World Snooker.

LONDON

6.00-9.15 am TV-am Breakfast Programme. 9.30 Sesame Street. 10.30 The Saturday Show with Isla St Clair.
12.15 pm World Of Sport, introduced by Dickie Davies: 12.20 Karting—The TV Times Superkart Challenge from Donington; 12.45 On the Ball with Ian St John and Jimmy Greaves; 1.15 News; 1.20 Ice Hockey—The Stanley Cup; 1.40 pm The ITV Four from Sandown (introduced by John Oaksey): 1.55 Cycling—Liege-Bastogne-Liege; 2.05 The ITV Four from Sandown; 2.25 pm Speedway—England v USA from Wimbledon Stadium; 2.45 pm The ITV Four from Sandown; 3.10 Speedway (part two); 3.25 The ITV Four from Sandown; 3.45 Half-time Soccer News and Reports; 4.00 Wrestling; 4.45 Results.
5.05 News.
5.15 The Smurfs.
5.30 Metal Mickey.
6.00 The Fall Guy.
7.00 Russ Abbot's Madhouse.
7.35 3-2-1.
8.35 T. J. Hooker.
9.30 Tales of the Unexpected.
10.00 News and Sport.
10.15 The Big Match.
11.15 London News Headlines, followed by International Darts—The Joshua Tetley Dartathlon.
11.45 The Leeds Folk Festival.
12.15 am Close: Sit Up and Listen with Michael Hordern.

CHANNEL 4

2.20 pm Go Fishing with Jack Charlton.
†2.50 Milestones of the Movies: "Miracle On 34th Street," starring Edmund Gwen.
4.35 Password.
5.05 Brookside.
6.00 Square Pegs.
6.30 pm News Headlines, followed by 7 Days.
7.00 A Week in Politics.
7.45 Swindle.
8.45 World of Animation.
8.55 Malu Mulher.
10.00 Bouquet of Barbed Wire.
11.00 The Late Clive James.
†11.50 The Naked City: "The Pedigree Sheet," starring Suzanne Pleshette and Eric Portman.

S4C (WALES)

2.10 pm Staging an Opera. 2.35 Predicaments. 3.15 What a Picture! 3.40 As Good as New. 4.05 The Year of the French. 5.00 Yr Awr Fawr. 6.00 Switch. 7.00 Twyllo'r Teulu. 7.30 Newyddion. 7.45 Antur. 8.30 Cerdd o'r Cwyrydd. 9.00 Capstick Capers. 9.25 Wreslo. 10.05 Y Mees Chwarae. 10.55 U.S. Independent Movies: "Pumping Iron."

REGIONS

All IBA Regions as London except at the following times:

BORDER

9.30 am God's Story. 9.50 European Folk Tales. 10.05 Metal Mickey. 5.15 pm "Escape from the Planet of the Apes," starring Roddy McDowall, Kim Hunter and Bradford Dillman. 10.15 Match of the Week. 11.15 Studio. 12.15 am At the End of the Day.

...starring Roddy McDowall and Kim Hunter. 10.20 Match Time—Football action with a top north-west game. 11.20 Lou Grant.

CENTRAL

9.30 am God's Story. 9.50 Larry the Lamb in Toytown. 10.05 Vicky the Viking. 5.15 pm Saturday Cinema: "Please Sir!" starring John Alderton, Deryck Guyler and Joan Sanderson. 10.15 Star Soccer, hosted by Gary Newbon. 11.15 Journey to the Unknown.

CHANNEL

5.15 pm Puffin's Pla(i)ce. 5.20 Cartoontime. 5.30 Happy Days. 6.00 Falcon Crest. 11.15 Sad Cafe in Concert.

GRAMPIAN

9.35 am God's Story. 9.50 Noddy. 10.05 Metal Mickey. 5.15 pm Feature Film: "Escape from the Planet of the Apes," starring Roddy McDowall, Kim Hunter and Bradford Dillman. 10.20 Scotsport. 11.20 Reflections. 11.25 The Gangster Chronicles.

GRANADA

9.30 am God's Story. 9.50 Cartoon Time. 10.05 Vicky the Viking. 5.15 pm "Escape from the Planet of the Apes," starring Roddy McDowall. 10.25 Match Time. 11.20 The Blackthorn Darts Masters Cup. 11.55 The Late Film: "The Last Run," starring George C. Scott.

HTV

12.13 pm HTV News. 5.13 HTV News. 5.15 "Escape from the Planet of the Apes," starring Roddy McDowall, Kim Hunter and Bradford Dillman. 11.15 The Gangster Chronicles. 12.00 Making a Living.

SCOTTISH

9.30 am Wattoo Wattoo. 9.40 The Smurfs. 10.05 Metal Mickey. 5.15 pm Feature Film: "Escape from the Planet of the Apes," starring Roddy McDowall, Kim Hunter, Bradford Dillman and Ricardo Montalban. 10.20 Scotsport. 11.20 Late Call. 11.25 House Calls. 11.55 The Two of Us.

TSW

9.25 am Look and See. 9.30 The Saturday Show. 10.28 Gus Honeybun's Magic Birthdays. 10.30 Star Fleet. 10.50 The Fugitive. 11.40 WKRP in Cincinnati. 12.12 pm TSW Regional News. 5.15 Newsport. 5.20 Cartoontime. 5.30 Happy Days. 6.00 Falcon Crest. 11.15 Sad Cafe in Concert. 12.15 am Postscript.

TVS

9.35 am The Smurfs. 10.05 Metal Mickey. 5.15 Saturday News and Sport. 5.20 Cartoon. 5.30 Knight Rider. 6.30 Rising Damp. 10.15 The Saturday Match—Regional and national football action introduced by Fred Dinenage. 11.15 Studio. 12.15 am Company.

TYNE TEES

9.25 am Morning Glory. 9.30 The Fantastic Four. 10.00 "TT" Time. 10.05 Metal Mickey. 12.13 pm North East News. 5.10 North East News. 5.15 "Escape from the Planet of the Apes" starring Roddy McDowall and Kim Hunter. 10.20 Shoot! 11.20 Thriller. 12.30 am Poet's Corner.

ULSTER

10.05 am Metal Mickey. 1.18 pm Lunchtime News. 5.00 Sports Results. 5.13 Ulster News. 5.15 Feature Film: "Please Sir!" starring John Alderton, Deryck Guyler and Joan Sanderson. 10.14 Ulster Weather. 11.15 Lou Grant. 12.10 am News at Bedtime.

YORKSHIRE

9.30 am Meltoons. 9.40 Tarzan. 5.15 pm "Escape from the Planet of the Apes" starring Roddy McDowall and Kim Hunter. 10.20 Match Time—Action from three of the day's most important games, with Elton Welsby and Denis Law. 11.25 In Concert (Anthony Newley).

RADIO 1

(S). Stereo (when broadcast on VHF)

8.00 am Tony Blackburn's Saturday Show. 10.00 Dave Lee Travis. 1.00 pm Guitar Greats: James Burton (S). 2.00 A King in New York (S). 2.05 Paul Gambaccini (S). 4.00 Saturday Live (S). 6.30 In Concert featuring Loudon Wainwright III (S). 7.30 Janice Long. 10.00-12.00 Gary Davies.

RADIO 2

8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album-land; Racing from Sandown Park at 2.55, plus two other top races on the card; Embassy World Snooker Championship from Sheffield; 5.00 Sports Report. 6.00 Country Greats in Concert. 7.00 Jazz Score. 7.30 The Competition: BBC entry for the 1982 Monaco Radio Contest with Katie Boyle (S). 8.00 St George's Day Concert from the De Montfort Hall, Leicester (S). 10.00 Nordring Festival 1982 (S). 11.02 Sports Desk. 11.10 Pete Murray's Late Show (S). 2.00-5.00 am Liz Allen presents You and the Night and the Music (S).

RADIO 3

8.00 am News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.30 Karajan and the Berlin Philharmonic: Mozart (S). 12.00 Interval Reading. 12.05 pm Beethoven (S). 1.00 News. 1.05 Haydn and Dvorak (S). 2.00 The Music of Spain (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 The Iberian Organ (S). 7.15 Sun and Moon (short story by Katherine Mansfield). 7.30 BBC Symphony Orchestra from Maida Vale, part 1: Carnicer, Albeniz, Turina (S). 8.25 Cross Purposes: Frederic Raphael. 8.45 BBC S.O., part 2: Halffter (S). 9.30 Phyllis Tate and Beethoven, song recital (S). 10.05 Ravel (S). 10.40 Music for Piano (S). 11.15-11.18 News.

RADIO 4

7.00 am News. 7.15 On Your Farm. 7.45 In Perspective. 7.50 It's A Bargain. 7.55 Weather, travel, programme news. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.48 Yesterday in Parliament. 8.57 Weather, travel. 9.00 News. 9.05 Breakaway. 9.50 News. 10.05 The Week in Westminster. 10.30 Daily Service (s). 10.45 Pick Of The Week (s). 11.35 From Our Own Correspondent. 12.00 News. 12.02 pm Money Box. 12.27 I'm Sorry, I Haven't A Clue (s). 12.55 Weather, programme news. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News. 2.05 Thirty-Minute Theatre. 2.35 But, Chancellor: An Inquiry into the Treasury. 3.05 Wildlife. 3.30 Groundswell. 4.00 News. 4.02 International Assignment. 4.30 Does He Take Sugar? 5.00 From Gaffney's Creek. 5.25 Week Ending (s). 5.50 Shipping Forecast. 5.55 Weather, travel, programme news. 6.00 News and Sports Round-Up. 6.25 Desert Island Discs (s). 7.20 Stop The Week With Robert Robinson (s). 8.00 In Spite Of All Temptations: Patricia Beer reflects on being English. 8.10 Saturday-Night Theatre (s). 9.58 Weather. 10.00 News. 10.15 The Joker In The Pack: What is the French nuclear strategy and do they understand it? 11.00 Lighten Our Darkness (s). 11.15 Stop The Week With Robert Robinson (s). 12.00 News.

BBC RADIO LONDON

7.32 am Good Fishing. 8.04 London Today. 8.33 The Magic Carpet Company. 9.03 Openings. 9.30 Corridors of Power. 10.02 All That Jazz. 11.30 Robbie Vincent's Saturday Show. 2.02 pm Breakthrough. 3.30 The Great Composers. 5.30 Evening Star. 6.30 Radio Replies. 7.00 Book Now. 7.30 As Radio 1. 12.00-5.00 am Join Radio 2.

LONDON BROADCASTING

7.00 am AM with Magnus Carter and Jenny Lacey. 10.00 Jellybone with Clive Bull. 12.00 LBC Reports with Des Fahy. 1.00 pm Sportswatch with Dominic Allan. 6.00 LBC Reports with Des Fahy. 7.00 Gael Male. 8.00 Network. 9.00 Hayes on Saturday. 10.00 Nightline with Phillip Hodson. 1.00 am Night Extra. 4.00 Travel '83. 4.30 Decision Makers. 5.00 Morning Music.

CAPITAL RADIO

7.00 am The Dave Cash Show. 10.00 Pick of the Pops Take Two. 12.00 Mike Allen's Music Centre. 2.00 pm Afternoon Delight. 5.00 Gary Crowley's Magic Box. 7.00 Soul Spectrum. 9.00 Roots Rockers. 11.00 View From The Top. 12.00 Midnight Special.

CHESS SOLUTION

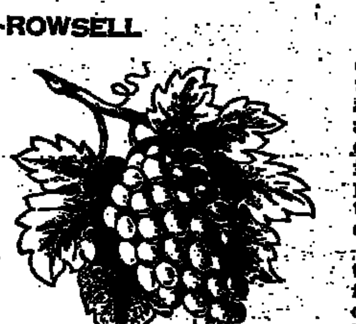
Solution to Position No. 471

Black draws by 1 . . . N-P ch; 2 RxN (not 2 K-N2? N-Q5 ch; 3 KxN, Q-B6 ch and wins), N-R5 ch; 3 K-N1, Q-Q8 ch; 4 R-B1, Q-Q5 ch; 5 B-K3! (not 5 R-B2? Q-N5 ch; 6 K-B1, Q-Q8 mate).

WINE/COLLECTING

The 1961 clarets come of age

BY EDMUND PENNING-ROWSELL



REGULAR READERS may recall the reports of tastings at the dinner table of first-growth clarets when they have reached their first 10 years—the period traditionally allowed in Bordeaux for a leading claret to develop before the cork should be drawn. Now it was the turn of the 1972s. But although this drying-up, excessively acid vintage has its supporters, it would have been a sad occasion, and one of little value to report to today's claret drinkers.

Instead, more appropriate, we decided, to drink the first-growth 1961s when they reached their majority. Among the top two or three vintages of the century, it has been the *object of intense interest since* it was made after the dryest summer in Bordeaux of the Fifties and Sixties. As a result the wine was very deep in colour, concentrated in aroma and flavour, and very short in supply. The 550,000 hl of apellation red wine remains today unchallenged as the smallest since the last war (3,500,000 hl were produced in 1982). A further consequence was that the wines opened at what were then reckoned as very high prices. Lafite came out at FFr 27,500 a *tonneau* (equal to 96 dozen then), as against FFr 11,500 for the highly considered 1959. The *other first-growths ranged from* FFr 15,500 (Cheval-Blanc) to FFr 27,000 (Pétrus), about 2¼ times higher than their 1959 opening prices. Initially, British wine merchants, replete with '59s and even '60s, bought very sparingly of these "excessively dear" wines. I remember the finance director of one concern confounding his colleagues by asking rhetorically: "Who will pay 28s 6d for Lynch-Bages 1961?" They were as sure as he was that no one would.

Nevertheless, it has become a most sought-after vintage, and today in the auction room nearly all the first-growths easily exceed £100 a bottle. (Before we go any further, I should like to make it clear that I did not pay such astronomic sums. Many years ago M Jean-Pierre Moueix, part-proprietor of Pétrus, generously gave me six bottles of his '61 vintage. The other six bottles that we opened cost me, at various times in the Sixties, a total of £17 at retail prices; an indirect encouragement, perhaps, to early purchase of the already esteemed 1982s.

This time we were drinking Cheval-Blanc and Pétrus, as well as the four Médocs and the Graves, Haut-Brion. But in a rather shorter 10-year-old exercise in 1972 (Financial Times, July 5 1972) the two right-bank wines were omitted. On that occasion a party of eight voted Latour first, Mouton-Rothschild and Haut-Brion equal second, Lafite fourth and Ch. Margaux fifth. This result was not mentioned at the recent dinner, attended by six experienced claret drinkers, three of them women; but it is interesting to compare with the recent assessment. Six is a more appropriate number to drink any serious bottle of wine, as it permits a refreshment of the glasses.

The order at such a tasting always presents a problem, because the special sweetness of St. Emilion and, still more, of Pomerol, can easily obscure the more elegant Médocs, while Haut-Brion, tending to be rather dryer, is always different from the others. Accordingly we placed it first, followed in that order by Margaux, Lafite, Mouton-Rothschild, Latour, and then Cheval-Blanc and Pétrus.

The following notes were made independently during a three-course meal (plus a sweet), but there was exchange of opinions, although there was no unanimity in the placing of the wines in order, 1-7, but no great disagreement either. The notes are basically mine, laced with those of the other tasters.

Haut-Brion. Fine clear colour. Typical fine Graves aroma that reminds me of the smell of bricks and brick-dust in hot sun. This generally agreed, but one suggested a "volcanic" aroma. The flavour distinguished, but drier than all the others and this put it at a slight disadvantage. Although certainly fine, and one taster wrote "not full or opulent but elegant," I felt it lacked a bit of body, and was probably already at its best, but two others thought it "vigorous" or "youthful?"

Margaux. Lighter in colour than Haut-Brion or Lafite that followed, it had still plenty of depth. Everyone agreed that the bouquet was outstanding, always a great feature of Ch. Margaux. Very elegant, true fine Médoc flavour, soft and round, a complete wine. Other comments included "warm, forthcoming, very rich, zestful, Merlot fruit . . . perfect drink," and "more lightweight than I expected from the nose, v. round and complete." "Delightful on going back three/four times." On the re-fill that preceded the final voting, I detected a "cooked raspberry jam" nose.

Lafite. Full colour, very full bouquet, with some tannin and a hint of acidity confirmed on the taste. Bigger body than Margaux. Aroma developed in glass, but acidity remained. Others noted "edge of iron on the nose . . . *but still not charming* on the palate . . . lean"; "surprisingly deep colour, impressive, lively . . . as usual slow to develop its fragrance . . . silky, tannic, good length but dry *finish*."

Mouton-Rothschild. Very big colour and blackcurrant nose at first, but some acidity, which was intrusive on the palate. A very big wine, but currently at least lacks expected roundness and balance. All agreed about the intensity of colour, and the fine "Cabernet" nose. "Much more delicate than succeeding Latour, but not lively and dull." "Dry, fleshy and fruity, but lean and noticeably edgy acidity."

Latour. Biggest colour of all, with an aroma like a much younger wine; a "vanilla nose," very fruity, well-balanced wine not really ready, but long on the palate and much behind it. On returning to it, distinct "raspberry jam" on the nose. Others commented "Marvellous depth of colour, wonderfully spicy nose, zesty, citrus-like character . . . medium dry, full body, *full* flavour, perfect balance; lovely now, long future." "Lots of fruit, still tannic and acid." "Very good length and delightful to drink. Raspberry jam nose developed. Not the charm of Margaux."

Cheval-Blanc. This was not a good bottle, showing distinct signs of oxidation, though the cork had been very tight. Very deep colour, deeper than Pétrus. Slightly porty nose, but the flavour flat. All agreed on the colour, some less critical on flavour. One found it "port-like, distinctly sweet, easy agreeable, slightly malty, at peak now." Another, "Good length of flavour but hollow in the middle."

Pétrus. Wonderfully deep colour and very rich nose. Very rich, spicy taste, and big fruity wine, almost burgundian in style. Perhaps lacks a little complexity, but with Latour surely the most long-liveable. Everyone enjoyed this, and echoed each other. "Sweet, fleshy, perfectly lovely, but not a challenger, almost too rich." "*Almost black, very plummy* nose." "Cherries and chocolate on the nose . . . very spicy and rich."

When it came to voting Margaux came top, and I believe it to be the best first-growth '61 today, although the sheer size and balance of Latour put that ahead for me, but only one other agreed, though it came second. This pushed Pétrus into third place, but no criticism was intended by this. Very different in style, the first three might have been bracketed equal-first. Lafite, which did not show wonderfully well came fourth, followed by Haut-Brion, which was perhaps a little hard on that, but it was slightly dry. More serious, Mouton-Rothschild was disappointing, owing to the acidity, and came sixth. Maybe it is going through a phase. If Cheval-Blanc came seventh and last I am sure it was a disappointing bottle, for I have drunk some excellent examples.

As must always be said on such occasions, bottles vary, even when quite young, and these were 21-year-old wines. There is always, too, an element of subjectivity and personal preference in wine-tasting, but it is certainly best done with food. All in all these top 1961s showed their fine quality, and *what goes for the premiers crus* will also apply lower down the claret social scale.

Wonderful men in their machines

COLLECTING

JANET MARSH

THE TOWN OF Annonay, near Lyons, is preparing to celebrate the two hundredth anniversary of aeronautics. It was from Annonay's market place, on June 5 1783, that the brothers Joseph and Etienne Montgolfier first demonstrated a hot air balloon, constructed of linen and paper, and raised by means of lighting a fire of wool and straw beneath the open neck.

The balloon was un-manned, and did not get very far, but from this moment things happened with a speed that seems even now quite startling. Three and a half months later, in Paris, the Montgolfiers sent up a balloon carrying a sheep, a cock and a duck. When these creatures survived the experience unscathed, the brothers turned their attention to manned ascents. On 21 November 1783 Pilâtre de Rozier and the Marquis d'Arlandes became the first aeronauts in history. Their voyage lasted 25 minutes and covered five and a half miles.

Meanwhile the Montgolfiers already had rivals. When news of the Annonay ascent first reached Paris, the Academy appointed Professor Charles to look into it. Charles—wrongly but intelligently—assumed that the balloon was filled with hydrogen, and began his own independent experiments in this field.

Charles sent up a small experimental balloon in the Champ de Mars in August 1783. One of the spectators on that occasion was Benjamin Franklin. A sceptic asked him what use a balloon could possibly be. Franklin pondered, and replied: "Of what use, pray, is a newborn child?" This child grew fast: in December Charles ascended from the Tuileries, with a passenger, and landed safely 27 miles away, at Nesle.

It is hard to over-estimate the courage of these first aeronauts, exploring an element quite unknown, and with no prior experience to teach them the very demanding skill of navigating their frail and vulnerable craft. In the event the greater perils came from the earth than the skies: the early history of ballooning is full of tales of aeronauts being attacked with stones and pitchforks by fearful and superstitious peasants. Balloonists learned to hover a little above ground till they could be certain that the natives of the locality were not likely to be dangerous.

The hydrogen balloon quickly superseded the "Montgolfières"; and the "firsts" followed at a dizzying pace. 1784 saw the first woman to fly—a Madame Thible, who went up at Lyons; the first flight in England, when the dashing Vincent Lunardi ascended from the Artillery Ground at Moorfields; and the first British aeronaut, an Oxford confectioner called Sadler. Lunardi took with him a cat, a dog and a pigeon. The pigeon flew away, and the cat proved to be no stayer either: she abandoned ship at a touch-down at North Mimms. Lunardi and the dog covered the 24 miles to Standon, Herts in two and a quarter hours.

The following year saw the first aerial fatality. Pilâtre de Rozier was destined to be not only the first man to ascend in a balloon, but also the first to be killed in one. It must be admitted that his plan of combining hot air and hydrogen in the same balloon lacked foresight: his craft had hardly left the ground in Boulogne before the fires ignited the hydrogen.

Not long before this melancholy event Jean-Pierre Blanchard made the first channel crossing by balloon.

The new and thrilling spectacle of these great globes, often brilliant in colour and decorated with mythological creatures, soaring over familiar landscapes proved stirring to painters and print makers of the turn of the 19th century; and the iconography of ballooning is a rewarding, if rather elusive field for the collector. The London salerooms have taken note of the bicentenary. On May 10 Phillips are selling the contents of the Historic Aircraft Museum at Southend, and alongside the historic aeroplanes are a few items of ballooning memorabilia, including a fine porcelain tile depicting a balloon circling the newly built Eiffel Tower at the Exposition of 1889.

Next Tuesday, April 26, Christie's South Kensington include in a sale of Aeronautical and Nautical Art and Literature a fine collection of ballooning prints and paintings. Among them is perhaps the finest of all ballooning prints, the aquatint after Louis le Coeur of the marriage of Napoleon, showing the majestic ascent of five balloons in pink and white, adorned with laurel wreaths.

An *important library of* ballooning literature in the same sale includes a collection of books on the Andree expedition to the North Pole in 1897, the last great enterprise of 19th-century aeronautics.

SPORT

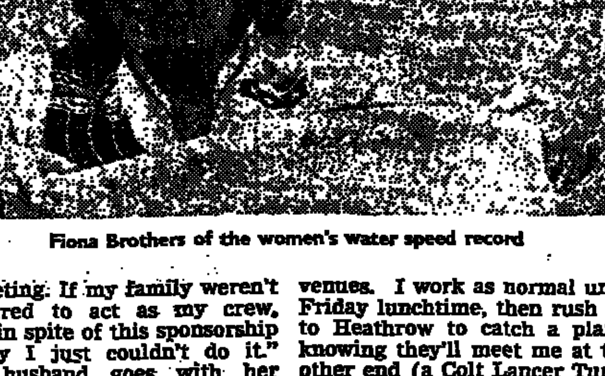
Judith Stares previews the power-boat Grand Prix

A speed-queen from M & S

POWER-BOAT pilots of the world will come under starter's orders today in Milan, for the first leg of the current World Grand Prix series.

The sport has a tremendous national following in Italy, with average *crowds of 10,000 at each* race meeting. In Britain there may be fewer spectators, but last year we provided not only John Hill and Mark Wilson in second and third place, but also the only woman competitor, who finished a creditable fourth.

Mrs Fiona Brothers has rapidly been making a name for herself in this man's world, and the publicity potential, on top of her skill and dedication, have been enough to prompt her sponsors, the Gloucestershire-based Colt Car Company, to back her with £100,000 for the coming season. This is the highest figure ever known for the sport, and has been the cause of not inconsiderable envy—in particular among the entirely male competition.



Fiona Brothers of the women's water speed record

Fiona is holder of the women's world speed record of 116.7 mph. She says that without substantial sponsorship, entry to world championship level is almost impossible.

"Power boats cost up to £12,000. I have to have two—a marathon boat for the long races and sprint boat for the shorter ones. On top of this there is transport, wear on equipment and people's time. We have worked out that it costs about £2,000 just to attend a meeting. If my family weren't prepared to act as my crew, then in spite of this sponsorship money I just couldn't do it." Her husband goes with her when his business—yacht building—allows.

To prove the point, 28-year-old Fiona, a maths graduate from Exeter University, spends her weekday career on the shop floor. She commutes by hydrofoil from her home on the Isle *of Wight, to the* Southampton store of Marks & Spencer where she is a departmental manager.

"Fortunately, race meetings take place at weekends. On the Thursday, my parents and mechanics take an American-style mobile home *and* trailer carrying both boats by ferry and road to the European venues. I work as normal until Friday lunchtime, then rush off to Heathrow to catch a plane, knowing they'll meet me at the other end (a Colt Lancer Turbo car is part of the sponsorship deal).

"I fly back to Britain on the Monday morning to start work at mid-day. A long weekend like that takes all my days off for a fortnight, but I just can't afford to give up work as well as run a professional-like team."

She is philosophical that her employers feel no need to invest money in her endeavours, and that she was forced to seek sponsorship elsewhere. However, the Brother's Team have been *kitted out in team colours* by M & S for the first time this year, and Fiona herself quietly *promotes the efficacy* of M & S thermal underwear beneath her racing gear.

If all goes to plan, she hopes that 1983 will be "make or break" year. "There are only three people in front of me in the World Championship—and there are an awful lot more already behind. If I can win the title this year, then I should very much like to turn full-time professional. The strain of a five-day week in a retail store, followed by flying off all over the place to race gets pretty extreme at times."

Three heats will take place this weekend in Milan, and the overall winner will be decided by an accumulation of points, which vary according to placing. These points will also go towards the total needed to qualify as World Champion. The British Grand Prix will be held on June 12 and 13 in Bristol Docks—considered one of the most dangerous courses in the world. They are narrow and the course is hemmed in by high stone quays.

Last year the World Champion was Michael Werner from West Germany. By the end of the season, which ends in Paris in October, innocent spectators may be surprised to see the winner remove that Darth-Vader-style helmet and reveal a cascade of blonde curls.

"One of the handicaps I have *as a woman is lack of brute* strength," admits the lady. "But I make up for it in cunning!"

England's chances against Clive Lloyd. **Trevor Bailey reports**

A good cricket summer ahead

I AM optimistic about England's chances this summer, irrespective of who captains the side in spite of our record last winter. I expect us to reach the Prudential World Cup Final when the odds suggest that our opponents will be the West Indies, the holders and favourites. It would come as no great surprise if we stopped Clive Lloyd from carrying off the title for the third time on the trot.

England have been drawn in the same section of the cup as New Zealand, Pakistan and Sri Lanka, who despite a couple of surprise wins over Australia, should be only making up the numbers.

Although New Zealand with Richard Hadlee, and Pakistan with Imran Khan, have more formidable opening bowlers than England, we should have *no problem in fielding five* men expert in keeping down the runs. This should give us an edge and a place in the semi-final, where I would expect us to meet and beat Australia.

David Gower: most elegant batsman

Although, after our Australian Tour, this is difficult and at times almost impossible to believe, especially when Bob Willis allowed New Zealand to win with overs to spare after we had amassed a little matter of 295-5—we are acknowledged experts in limited overs cricket. I am sure that we cannot show quite the same naivety again.

As well as reaching the Pru*dential final at Lord's* on June 25, I am expecting England to win the four-Test rubber against New Zealand who will be without their most accomplished batsman, Glen Turner. But this victory would be only by a narrow margin.

Why am I so optimistic? First, there is the hope that Ian Botham re-discovers his exceptional all-round form, especially his bowling, which largely deserted him in Australia. Secondly, David Gower, Allan Lamb, Derek Randall, Mike Gatting and Botham form an impressive batting line-up. If they were to be strengthened by somebody like Alan Butcher or Bill Athey, who have made the advances they have been promising for several seasons—or alternatively if Alan Wells or Martin Moxom are able to translate obvious potential into big scores in the middle order, there should be no shortage of runs. *Thirdly, although we are* light on match winning bowlers, we have sufficient "break" bowlers for the limited overs matches, while we should not have too much trouble in finding one or two seamers, capable of supporting Willis and Botham. This should be enough to win the Tests against New Zealand.

Finally it must be remembered that pacebowlers can become a major force in international cricket in a very short time. *Nobody had heard of* Terry Alderman when he came with Australia on their last tour in England. But he captured 42 wickets on the losing side in the series. Despite disappointments last winter, Cowans could well make it to the top and Williams (Middlesex), Newman (Derbyshire), Piggott (Sussex) and Foster (Essex) are all interesting propects. And Dilley is certainly *young enough to appear again,* if he can sort out his run up and bowling action without losing speed.

My optimism about the summer, however, does not extend to our visit to Pakistan next winter. There I anticipate Pakistan's captain, players and umpires will be a hard trial for England.

Admittedly it has been a sad winter for English cricket. We lost the Ashes rather more easily than a final scoreline of two tests to one might suggest. We failed to reach the final of the Benson and Hedges World Series Cup—a triangular tournament in which we met each of our opponents, Australia and New Zealand, 10 times—so that our defeat was not a question of just bad luck. Finally, we were beaten in three limited overs games in New Zealand, to end one of the most disastrous tours every undertaken by this country.

The party of 16, which flew to Australia under Willis, was increased to 17 when Jesty flew out as a replacement. However, it was short of international class and there were several other deficiencies. These included a somewhat insipid bowl*ing line-up, apart from Willis,* still our best fast man though past his prime, and Botham who lost his rhythm. We also had an inexperienced opening pair. However, the big disappointment was that England failed to play to their potential in both Test and limited overs cricket.

Only David Gower can really be said to have boosted his reputation and shown that he is now possibly the most elegant batsman in the world.

Our South African, Allan Land, although suffering from rather more than his share of dubious umpiring decisions, demonstrated that he has come *to stay. Derek Randall* continued to live dangerously but sometimes brilliantly and Bob Taylor was effective behind the stumps. However, it could well be that as many as 50 per cent of our Australian team will never be picked for England again, which suggests that our selectors were—not for the first time—off target.

A success story of Scottish soccer, by **Tom Lynch**

Aberdeen goes for the treble

THERE IS little doubt that the current Aberdeen team—the Dons—is the best Scottish side since the late 1960s. They have recently beaten Celtic and Waterschei of Belgium to reach the finals of the Scottish Cup and European Cup Winners' Cup and are in contention for the league title.

Their success has been assisted by the financial crisis *in the English game. No longer* are managers of English clubs able to make cross-border raids armed with cheques for ludicrous sums to plug gaps in their teams.

That is not the whole story, however. Aberdeen's performance in the last couple of years is not the flash in the pan it might seem to those who take only a passing interest in Scottish football. It is the culmination of years of steady effort by an ambitious club anxious to reflect the tone of a confident and prosperous city.

Since their Scottish Cup win in 1970, Aberdeen have seldom been far away when the honours have been shared out. They have been better than other Scottish clubs at holding on to their best players—though the permanent departures of Martin Buchan, Arthur Graham and Steve Archibald and the temporary loss of Joe Harper were notable exceptions. Their ability to keep players of the calibre of Willie Miller, Stuart Kennedy and, so far, Gordon Strachan, is in marked contrast to the fortunes of other Scottish clubs whose stars have left for the lure of English wages and a share of a large transfer fee, or have been exported by directors prepared to exchange success for cash.

During the last 12 years the club has improved its ground, so that it was the first all-seated stadium in Britain, almost all the seats being under cover. Ian Taggart, the club secretary, *said it was difficult* to put a figure on the money spent slowly over such a long period, but reckoned it must be somewhere around £2m.

"The board is very careful how it spends money and doesn't spend money it doesn't have." He pointed out that bank interest was crippling many businesses, not least football clubs. If, like Aberdeen, you do not need an overdraft, you pay no interest.

He recalled the crisis in England that followed when Bristol City got into trouble. "It was like a pack of cards—everybody owed everyone else money. They operated on money that didn't exist.

"Scottish clubs tend not to get involved in those sort of deals. They sell because they need money."

That money is no longer available to lure the stars away, *even if freedom of contract* might have made prices more realistic. That Aberdeen have not suffered must be partly because of the terms and conditions offered to the few English clubs could match—Aberdeen players are reputed to be the best paid in Scotland, a reputation Mr Taggart understandably refused to comment on.

Another small factor might be that players' international experience is considered in the pricing formula. Aberdeen boasts six internationalists and 11 junior internationalists in their main pool of 16, in which the average age is less than 24.

This mixture of luck and good housekeeping has helped nurture a team of great character which somehow combines traditional Scottish fire and no-nonsense tackling with equally traditional ball skills; while not succumbing to that other great traditional Scottish feature—lack of self confidence. They win matches partly because they really believe they are better than Rangers, Celtic and, yes, even Bayern Munich.

Since their success has coincided with the improvements to the ground, it was hard for Ian Taggart to estimate what effect the better facilities have had in encouraging the fans to come back week after week.

His impression is that the improvements have been successful in bringing in more families. The number of parent and child *season tickets has increased.* And, he said, more women were coming as customers to the ticket office. "They know what they are talking about, they are not just accompanying their coming to see the games."

The excitement surrounding the Dons' success has affected the whole city. On the day of the first leg of the Waterschei *game, most shoppers in the* busy main streets seemed to have chosen to wear something red—the club colour. The game was the main topic of conversation all day, and, in the euphoria of the 5-1 win, it seemed that the final whistle had hardly blown before someone was organising a cruise liner to take fans to the final against Real Madrid in Gothenburg on May 11.

Aberdeen's Premier Division match with Celtic today may turn out to be decisive in what has been a thrilling contest for the Scottish championship. If Aberdeen fail to win, they will find it hard to keep up with Celtic and Dundee United—another classy east coast team with a fine record—in the title race.

Alex Ferguson, the Aberdeen manager, who is reputed to be one of the game's most articulate spokesmen, has only *to* coax his talented squad through another seven games, including two cup finals. If they win them all, they might pull off a remarkable treble, adding the league title to the two cups.

If they win only one of the championships they are playing for—and most Scots feel natural justice cannot deny them that—they will still have given Scottish football a season to talk

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Pre-electoral excitement

"THERE MAY be signs that we may be entering the period of more general and more sustained recovery," Mrs Thatcher told the annual dinner of the Confederation of British Industry this week.

In Westminster and the City people were more inclined to believe that we were entering a period of undiluted pre-electoral excitement, in which Mrs Thatcher would be tempted to go to the polls while her stock remained high and the recovery low-key.

The Prime Minister herself was not loth to encourage speculation, with tantalising references to a possible June election that teased cries of "cut and run" from Labour and added to the buoyancy of sterling. At Cowley, *meantime*, BL's workers did their best to dampen proceedings by voting unanimously to continue their strike; other disputes, notably at *Tilbury* docks and Timex in Dundee, grumbled on.

Are the economic indicators so mixed, then, as to justify *the jibe of cut and run? Hardly.* Indeed, the trouble at BL is just one tangible indication that the recovery is under way. The motor industry is almost *invariably beset with disputes* when successful models sell well on the upturn: shop stewards know that management wants the cars and may pay to get them.

The problem at BL does, however, raise longer-term questions about the nature of Mrs *Thatcher's economic experiment.* Trades union leaders (and others) have warned for some time that the gains won by authoritarian management in *an exceptionally* deep recession would be eroded when workers sought redress as the opportunity presented itself. And certainly there has been a strong authoritarian strain in the handling of the dispute over washing-up time at Cowley.

Yet it is questionable whether BL would still be producing cars on anything like the present scale if the attempt had not been made to re-establish discipline. And it is *doubtful whether* anyone *has* a pat managerial formula that would permit the company to move to more harmonious industrial relations as well as the level of productivity required of BL is to keep pace with the international competition.

Disruption

What can be said is that the motor industry is not typical of the manufacturing sector as a whole. The Engineering Employers' Federation has produced some evidence of a recent increase in industrial disruption. But figures from the Department of Employment, due shortly, are expected to show that in the first three *months of this year* recorded industrial stoppages have been running at an all-time low.

There is, moreover, plenty of anecdotal evidence to suggest that attitudes in industry have changed in some key prospects. Most importantly, some union officials say that their members are conscious for the first time of the link between their company's market position and their own pay.

The economic statistics also lend powerful support to Mrs Thatcher's claim about recovery. And this is not simply a question of leading indicators based on forward-looking share prices and business optimism. This week's figures for consumer spending in the first quarter, up 3 per cent over the comparable period, confirmed the broad picture of buoyant consumption.

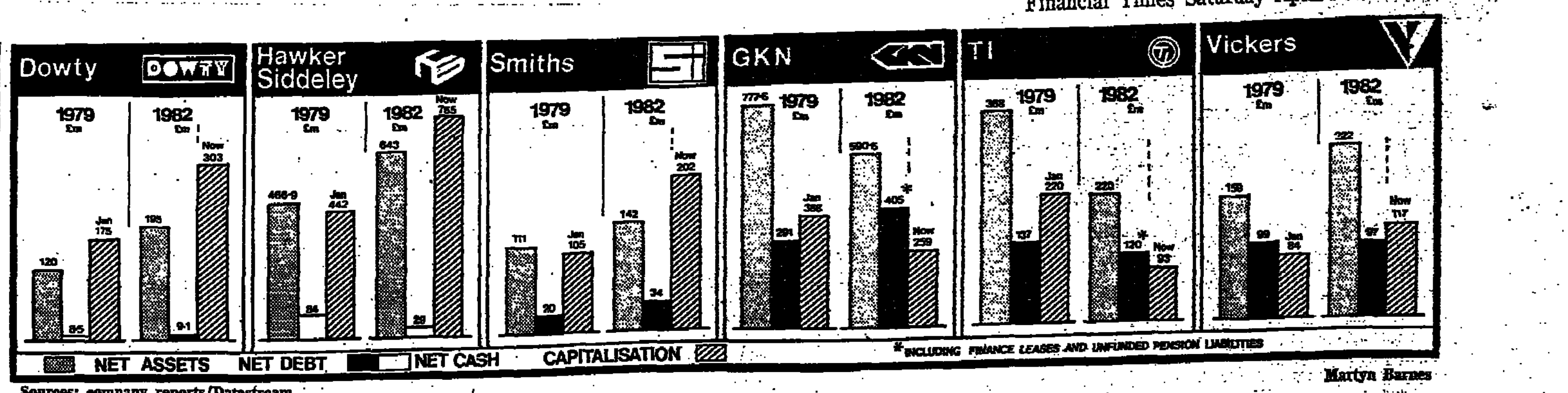
One final measure of comfort, which gave a marked fillip to the stock market on Thursday, was an improvement in the fortunes of Imperial Chemical Industries. At the annual general meeting shareholders were told to expect a "*distinct improvement*" *in the* figures for the first quarter, after an exceptionally depressed year in 1982.

With the year-on-year increase in the rate of retail price inflation down to 4.6 per cent, while the latest figures for total earnings were 7.75 per cent, Mrs Thatcher has precisely the sort of gap between pay and prices that prime ministers yearn for in the run-up to an election. The fly in the ointment is sterling, whose behaviour is capable of casting a different complexion on things from month to month.

It is no longer hopelessly overvalued: but since the end of March the pound has appreciated by more than 6 per cent in trade-weighted terms, raising the prospect once again that too much of the recovery will provide employment for Britain's trading partners as cheaper imports are sucked in.

Since the prospect of a Tory victory is already built into the level of prices in the stock market, continuing uncertainty over election dates will not help confidence. If the FT Industrial Ordinary index is to break through the 700 index it may need something more to go on than quotations from "Maggie May."

There are, in addition, some less palatable things to look forward to. The present strength of equity markets around the world is beginning to flush out calls for capital, as industry rebuilds its balance sheet after the worse recession since the 1930s and the banks put their house in order after an international credit bale-out that could still produce some unpleasant surprises.



Sources: company reports/Datastream

Martyn Barnes

BRITAIN'S ENGINEERING INDUSTRY

The hazards of recovery

By David Freud

AFTER NEARLY four years of battering, Britain's hard-hit UK engineering sector is beginning to contemplate its prospects in a rather more benign economic environment. Many companies have been squeezed so hard that coping with recovering demand could, ironically, create as many problems as the recession itself.

So last week's decision by one of the shrunken giants of the sector, Guest Keen & Nettlefolds to raise fresh capital from its shareholders is being watched with unusual attention. If GKN's shareholders respond with enthusiasm, other companies will be jostling in the queue *to put on a* repeat performance. A poor reception would crystallise a widespread accusation that the timing is premature.

And if the GKN issue hits the *share* price and requires support from the underwriters, it would queer the pitch for other companies, some of whom may be in real danger of further drastic surgery without a capital injection in the near term.

Many companies have survived the recession by running *down* their working capital—the funds required to maintain appropriate stock levels and give credit to customers. An economic upturn certainly creates opportunities for boosting sales and profits. But the danger is that companies will not have access to enough funds to *rebuild* their working capital to the necessary levels.

> "Right here and now we need to make a return on capital of 25 per cent.
>
> Michael Garner, finance director, TI Group.

For others this cash problem may prove academic. Companies whose products are in long-term decline—such as motor components—may see only limited recovery. The marketplace may have changed decisively *against some of these* companies.

Meanwhile the success of the GKN issue is balanced on a knife-edge. The company's shares had moved up from 116p at the beginning of the year to 178p just before the announcement. The extra shares on offer were priced at 145p, at what then seemed an attractive discount of 18½ per cent. But while GKN hardly qualified as a shock rights issue candidate, the timing of the issue did come as a *surprise*, especially as GKN made no play at all of better prospects.

The difficult reception for the *rights* issue is closely related to GKN's motives for having it. Traditionally, companies tell their shareholders that they need cash to plough into various *lucrative* areas of investment. For good measure a buoyant profits forecast is thrown in. Yet GKN said not a word about its prospects, and currently the *trading* return *on the total* amount *of* capital used to operate the business is running on the most generous possible interpretation, at only 10 per cent, no more than investors could earn in the risk-free Government bond markets.

Even in the peak year of 1979 GKN's return on capital was below 14 per cent. Instead, GKN chose to justify the appeal for funds by stating that they were needed "in order to rebuild the group's capital base" after the restructuring of its operations.

GKN is far from the only company at the industrial sharp *end to be emerging from the* recession with a smaller equity capital base and high borrowings. Yet the plight of such companies is disguised in the aggregate figures. According to stockbrokers Phillips and Drew the average industrial or commercial company quoted on the Stock Exchange currently has net debt — borrowings less cash — worth about 17 per cent of its net assets, compared with a range over the last *decade of between 18 and 26* per cent.

But as always the averages give a misleading picture. Some companies are busy building up *cash mountains* on the model of GEC, whose liquid resources climbed above the £1bn-mark last year. Others have ploughed deeper and deeper in debt.

A range of companies in the engineering sector seem to have passed through the recession relatively unscathed. Among the larger ones in this category have been Dowty, Smiths Industries and Hawker Siddeley. Their net debt ranges from the modest to the non-existent, while even after some *slippage*, return on capital remains in the region of 20 per cent. In the market these companies stand at a premium to their stated net worth, of about 55 per cent in Dowty's case, 42 per cent in Smiths' and some 18 per cent in Hawker's.

GKN's experience illustrates just *how* misleading the average can be. Net debt has climbed from below 40 per cent to above 60 per cent of net assets, and even after some recovery in recent months GKN is valued on the stock market at barely half its stated worth. The company's position is hardly unique; *large engineering stocks in the* same boat include Vickers and the TI Group as the charts show.

> "A low level of borrowings gives you maximum flexibility to react to difficulties on the one hand, and take advantage of *opportunities* thrown up on the other."
>
> Alan Hornsby, finance director, Smith Industries.

The pivotal difference between the two sets of companies is their return on the capital they use. Engineering businesses require high levels of capital expenditure and there*fore need high returns*, especially in inflationary conditions. If they don't get it cash will be continually draining out of the business, whatever the profits show. *Finance directors say* their aim is a return on capital above 20 per cent and preferably above 25 per cent in historical cost terms.

The divergence in rates of return mainly reflects the different businesses into which management has steered the companies. GKN, for instance, ploughed its steel nationalisation compensation back into the most basic end of the metal business, while Smiths was busy *shrinking its auto sector* and building up its medical supplies and aerospace interests.

Other companies that have remained healthy—like APV or Spirax-Sarco which came to the market yesterday with a rights issue—have strong positions in specialised areas, an easier strategy for smaller companies. A handicap of size is that a company will tend to cover a wide product spectrum, and *pulling out can prove* very costly.

The three companies in difficulties—GKN, TI and Vickers—are doubly burdened. Not only are they generating less cash, they are all now making an expensive attempt to make the same jump as the other three companies we have chosen to symbolise the trends affecting the engineering industry.

But they started much later than the others, only when *caught up in the current recession.* Several began from positions of high debt. Alan Coats, analyst at Quilter Goodison, argues. "They built up quite *high borrowings* in the late 1970s in a rush for growth, when they diversified by acquisition without making disposals to raise cash."

The costs of restructuring have been huge. In the last *three* years GKN has spent a total of £178m on reshaping its business, of which £86m has been cash redundancy payments. The net assets of the group have correspondingly tumbled by the same figure over *the period to £590.6m.* The cash outflow has in fact been modest, *because* GKN has managed to run down its working capital at the same time, by no less than £165m. So while borrowings have risen it is the shrinkage of net assets that has been responsible for much of the worrying rise in the proportion of debt to assets also known as "capital gearing."

The uncertain value of assets in low-return businesses makes *capital gearing a more* unreliable measure of the financial health of companies than usual. After all, in the words of David Lees, GKN's finance director, "there are some businesses that are undivestible." Yet few of the assets in such businesses are written down to zero in balance sheets; quite the reverse, examples of judicious revaluations of selected choice assets crop up regularly in the engineering sector as companies *strive to make their capital* gearing look more respectable.

The stock market's valuation of the worth of a group's assets may well be closer to the truth than the balance sheet figure. On that basis debt levels look much more of a burden. TI's debt stands at about 130 per cent of the company's stock market valuation, GKN's at about 150 per cent and Vickers' at 85 per cent.

Attitudes to debt and gearing *seem to have undergone a sea*-change in recent years. Many more finance directors are beginning to see the world through the eyes of GEC, which operates on the principle that any amount of debt can be dangerous, because volatile interest rates mean a company cannot accurately predict the true cost of its bank funds from one month to the next.

Mr Charles Brasher, Dowty's finance director, points out: "You can see many companies where borrowings are too high. When recession comes along, they are suddenly in serious difficulty."

Manipulation of asset values is not the only weapon used by companies to reduce their apparent capital gearing. Balance sheets are often struck on days when *borrowings* are seasonally low. Accordingly, many analysts have switched to monitoring the level of *income* gearing. This reflects the extent to which profits from trading are pre-empted by interest payments.

The measure again underlines the divergence between the two types of engineering company. Smiths' gearing runs at 18 per cent, while Hawker's and Dowty's are negligible. For GKN, TI and Vickers the range lies between 42 and 83 per cent, and that is a significant understatement, since it excludes all restructuring costs — an item bound to recur *on some scale* for years to come.

The share prices of the problem companies have picked up in recent months, as investors have reacted to signs of an economic recovery. Because of their high debt levels, the pre-tax profits of such companies should advance sharply on higher turnover, as—with the interest on the debt already covered—any further increase in trading profits flows directly through to shareholders. At the same time the companies are in a weak position to commit fresh *funds into the chase for expanding* markets. Their cash-raising options are limited.

> "Our capital base has been squeezed by the pincer movement of maintained investment in Europe and the U.S., and wholesale restructuring in the U.K."
>
> David Lees, finance director, Guest Keen and Nettlefolds.

The sale of unwanted businesses is one, and some companies, notably TI, have shown great skill in disposing of businesses in a way that takes borrowings off the balance sheet. But the most unwanted and unprofitable businesses are, almost by definition, unsaleable.

This leaves an appeal to shareholders for funds as the only effective option. Even this is not a panacea. The most a company can realistically hope to raise is a third of its valuation in the stock market, and at their low valuations that may *not be much.*

> "Running a business is like running the mile; you shave off a fraction of a second each year. It's hard graft."
>
> Sir Kenneth Bond, finance director, GEC.

Yet a sustained upturn is likely to absorb cash. Just as companies have been able to survive by running down working capital as volume has declined, so they are likely to need to rebuild stocks if volumes rise. There is marked disagree*ment among finance directors* on this issue. Michael Garner at TI argues that the extra profits generated in a recovery should rapidly cover the extra working capital costs. Other companies—Dowty, Hawker and Smiths, which may be better able to contemplate higher cash demands—are less sanguine.

More than a rights issue will be needed to see many companies out of the financial wood, especially if there is a strong turn-round in working capital requirements. And investor support may anyway prove a fragile reed; if GKN's rights issue were to prove a failure, investor antipathy to companies in need of capital injections would increase. Such companies would then have to wait *until they could show strong* evidence of profits growth—by which time the financial strains might be acute.

It is no accident that as many companies go bust coming out of a recession as in it. Even without the drama of a bankruptcy, it is certain that many *of the weaker companies will* continue to fade away as they are pushed out of markets in which the investment requirements are beyond them.

Letters to the Editor

Taxation

Sir,—There is one aspect of British tax law which is making a mockery of the Government's intentions. That is the element of capital expenditure, when part of such expenditure is offset against income of later years.

At present, the expenditure which is carried forward to later years is not increased in line with inflation. So when the expenditure allowance (without inflationary correction) is applied against inflated income, the investor has lost out before he has ever got started.

I concur with Mrs Thatcher's policies regarding increased productivity and efficiency, but *if people are going to continue* being penalised in this way for investing in an enterprise, investors may well look to other countries to get a business started.

There is some talk about replacing this aspect of accounting with a "current value" basis. While this would be *fairer in many cases, this would* be less fair regarding certain equipment such as word processors and other electronic aids. These items are coming down in price, and such an accounting basis would be no encouragement for people making use of the new technology, which Mrs Thatcher recommends.

Paying tax is a necessary thing in a civilised society, but when a tax is unfair as the present system is, society itself suffers the consequences.

G. Brian Lamb.
Top Flat,
13 Castle Hill Ave,
Folkestone, Kent

Spending

From Mr C. Dobson

Sir,—I object strongly to the inference in Lex (April 14) that local authorities have acted irresponsibly. I quote "A set of central government borrowing requirement figures for March which suggested that the local authorities were entering into additional spending commitments at the end of the financial year."

Rubbish! What spending? It cannot be revenue spending because that has nothing to do with local authority utilisation of central government funds in a way which could adversely affect CGBR. Neither can it be capital spending because, as I am sure Michael Heseltine remembers, councils did not spend as much as the Government wanted them too.

The town hall influence on the CGBR figures for March is a direct result of adherence to the wishes of the Bank of England and the Treasury that local authorities should now borrow much more from central government, through the Public Works Loan Board than from the banking sector. This borrowing originates very largely from the re-financing of debt incurred over the past years and reflects "new" spending only slightly.

If the powers that be decide to change the borrowing habits of local government to suit their "macro plan" then they have to take the consequences and the March CGBR results are one of them.

C. M. Dobson.
Butler Till,
Adelaide House, EC4

Tapes

From the Chairman,
Tape Manufacturers Group.

Sir,—With reference to comments by film industry *spokesmen (April 13) concerning* their efforts to win fresh subsidies for their industry.

They ask for a levy on the means by which films are seen, naming blank tape as one, and say that it would be an extension of the Eady levy, introduced in 1950 to help fund new films *and training* within the industry. I fear that, if not corrected, this claim could seriously mislead the public.

The essential point about the Eady levy is that it is paid at the box-office, which guarantees that it is a fair levy, in that filmgoers are the only people who pay it.

A levy on all sales of blank video tape, however, would overturn that fairness by being non-selective. *Everyone who* bought blank video tape, for whatever reason—home movies, education, business uses, etc—would be required to subsidise the film industry through payment of the levy. That, I suggest, would not be fair to the consumer and would, therefore be completely contrary to the nature of the Eady levy.

Film makers should admit that although the beneficiaries would be the same, the "rough justice" of the new levy they propose is an entirely new concept. It should not be allowed.

Bill Fulton.
c/o Marcom Public Relations (UK),
Friars House,
39-41 New Broad Street, EC2.

Rates

From Mr T. Whittle

Sir,—Desmond Goch (April 5) *is* partially right that "The real problem behind local rates has ... been the lack of firm central government control over manpower costs, not least at county level where the spenders are to some extent insulated from the electoral consequences of their decisions ..." Perhaps manpower has been contained, but not markedly reduced.

The real problem of local rates is surely their sheer *inequity. A charge on occupancy* (not now realistically assessed) to pay for local services has become an easy means to dispense local socialism. Rates are a direct tax imposed without reference to income or ability to pay — the widow living alone has to pay *the same as a* similar two-car household next door occupied by several income earners. On average less than half of those on the electoral roll actually pay rates, so the system strongly favours the election of spending councillors. Industry and commerce are disenfranchised.

John C. Hancock writes (April 13) that on a modest pension he is able to claim a *rate rebate. But the thrifty* pensioner, who has saved many years to remain independent and create a modest investment income has no such escape. Yet both enjoy the same local services.

Precisely because "rates are easy and reasonably cheap to collect (and impose) and virtually impossible to avoid" that there is strong resistance to change, not least by vested interests involved, but not by those who pay.

Given funding of education through central government and charging water and sewerage directly through meters, a local sales tax would be broadly equitable, fairly spreading the cost of local services pro rata among the beneficiaries according to spending power. Many countries operate local sales taxes—presumably without much evasion—which might not cost appreciably more than the massive bureaucracy of rate assessment and rebate systems.

As a direct tax, rates might fairly be replaced by an income levy on employees and occupa*tional pensioners in exactly the* same way as national insurance, based on gross income, with cut-off points top and bottom. Relatively cheap to collect through PAYE and difficult to evade.

Almost any tax which takes account of income and ability to pay would be fairer than outdated local rates.

Thomas E. Whittle.
19, Kildoon Drive,
Maybole, Ayrshire.

Romantic

From Mr D. Thomas

Sir,—Mr Scholes (April 18) is rightly surprised at the oil industry's response to falling demand by raising prices. It is far from the only *industry to* follow this curious path, however. British Rail seems to think that raising fares is a [illegible] passenger miles. The Post Office likes to stick up the price of a stamp if not enough are *stuck on in the normal course* of business. It seems to be a feature of monopolistic or oligopolistic (and very often nationalised) industries that they try to turn the rules of the market place upside down. The idea of trying to improve their margins by being more efficient is clearly hopelessly romantic. It is perhaps heartening to see that it isn't as easy to repeal the laws of supply and demand as they seem to think nowadays.

David Thomas.
3, Hatfield Road,
Chiswick W4.

Delays

From Ann Westoby

Sir,—With reference to the recent correspondence regarding collection of debts through the courts, there is an increasing trend nowadays for county courts to award judgment on an "instalment" basis.

This is clearly unsatisfactory as far as the creditor is concerned and provides further encouragement to pursue debts over £600 through the High Court. On debts under £600, however, the creditor has no alternative but to accept the payment plan. To add to the problem, where payments are made to the court the administration grinds exceedingly slow. I know of at least one instance where the creditor had as big a problem *in obtaining monies* from the court as from the original debtor.

Clearly the time is now ripe for creditors to be aided by the courts to ensure that debtors fulfil their obligations.

Ann Westoby,
65 Park View,
Hoddesdon,
Hertfordshire.

Customers

From Mr G. Irving

Sir,—Bob Ramsey's eulogy to the customer (April 14) is, I fear, too good to be true.

If all customers were roughly equal then *customer* satisfaction could be the universal panacea *that* Mr Ramsey claims. Unfortunately this is not possible unless the problem of ownership, which he leaves open, is first resolved. He need not feel ashamed; Adam Smith made the same mistake.

In conditions of pure competition inequality accelerates remorselessly. Other factors—political, religious and ethical for example—check the process but, in the world as a whole, not enough.

There are answers but not containable in the space your correspondence column can allow. Meantime if wealth flows increasingly to a few, the productive system becomes similarly distorted to serve their needs. Thus service to all becomes service to a few, becomes something more akin to slavery.

G. S. Irving.
3 Cumberland Drive,
Hinchley Wood, Esher, Surrey.

Winchester

From Councillor T. Watson

Sir,—Is the Financial Times telling the people of Hampshire something they don't know *about the county's geographic* position? I notice that the announcement of the Department of Transport's contract to John Mowlem and Co (April 15) for construction of part of the M3 around Winchester appeared in the overseas contracts section.

Having waited for a decade or more for this work to get under way, I hope Mowlem doesn't build the road in Winchester, Virginia or in other towns of the same name. Wykehamists may be considered otherworldly and Wintonians reserved but we would like the *road built in Hampshire.*

(Councillor) T. A. Watson.
Members' Room,
The Castle,
Winchester.

Arthur Sandles reports on the battle for customers among Europe's car hire companies

Why everyone is trying even harder

AT FIRST sight it is difficult to cast M Jean Ordner in the role of villain. He is a trim Parisian in his mid-50s. M Ordner's 12 years in British and U.S. boardrooms have not robbed him of his French accent, but his English is as carefully considered and unarguably precise as the neat suits he tends to prefer. He is charming company; a hospitable host.

In the headquarters buildings of car rental giants Hertz and Avis, however, Jean Ordner, a married man with three children and a law degree, is pretty close to being the devil incarnate. Jean Ordner is president of Europcar.

Europcar is the French state-owned, via Renault, car rental organisation whose growth over the past decade has been spectacular. "Ten years ago we had 4 per cent of the European market," says Ordner. "Today we have 25 per cent. We are now No. 1 in Europe and No. 1 in Britain." He has been president of Europcar since 1972.

That claimed status in Britain is the direct result of the purchase of the Godfrey Davis car rental activities in 1981, a takeover which initially worried the British Government but which was finally cleared by the Monopolies and Mergers Commission. The UK Government is not the only body to have been worried by Europcar's expansion. The American based majors mutter darkly about consistent loss-making (Ordner reckons he has been in profit since 1978: "Building a system takes time, you make losses") and a Gallic attitude to helping the home team along.

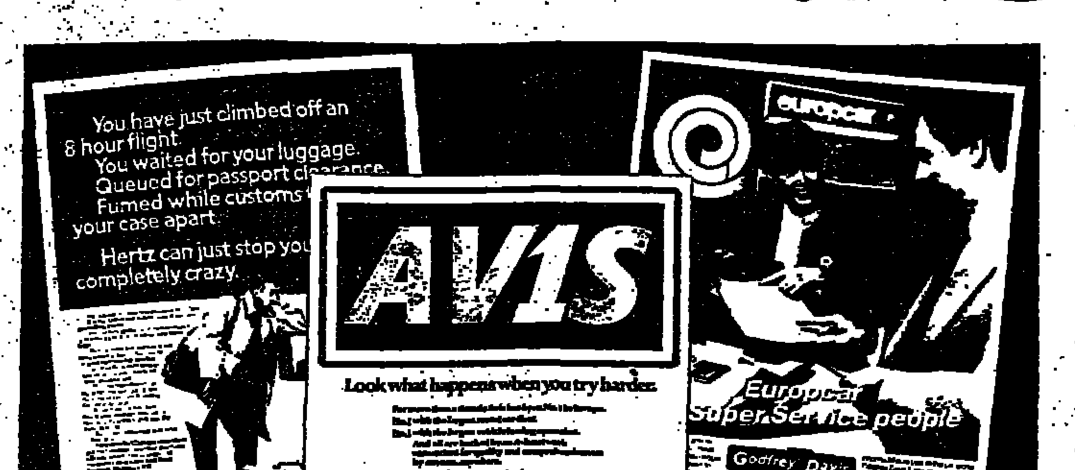
"You could never prove anything," says an Avis man who was in France in those crucial years in the 1970s. "But ask yourself, if one company is French, and Government-backed, and the others are American which one is going to be favoured?"

In fact both Hertz and Avis ran into difficult times in Europe a few years ago. At the start of the 1970s it had been assumed that the U.S. giants would quickly sweep local opposition aside and rapidly rule the roost. Instead, a couple of oil crises totally disrupted traditional car rental trading patterns, while domestic companies, refusing to allow themselves to be steamrollered, fought back.

In France Europcar began to show its muscles and in Britain the market leader Godfrey Davis was joined by Swan National, initially a subsidiary of UDT and now part of the Trustee Savings Bank. Swan, under its chairman Mr Freddie Aldous, has moved rapidly up the league table. Now, after the Godfrey Davis takeover, it is the sole entirely domestic representative in the British top four.

In the past two years Europe, and particularly Britain, has seen a remarkable recovery on the part of both Hertz and Avis which, like the U.S. franchise group Budget which also hit a bad patch in the late 1970s and is now climbing back, are trimmer, better managed and more attuned to local market conditions than they once were.

The scene is thus set for a year of intense competition, with all the majors reckoning they are well placed to reap the rewards of careful planning. So far the battle seems to be being fought on conventional grounds — prices, service and foot-in-the-door selling to the UK's major corporate clients. What no one is keen to see is an outbreak of the crippling marketing war currently edging the U.S. car rental business towards financial disaster, with companies offering gifts of ever greater value to rental clients. Hertz's parent company, RCA, has said it is open to offers for its car rental business and



the trade gossip is that Norton Simon — Avis's parent — has similar thoughts.

American companies are now said to be giving away 3 to 5 per cent of their gross revenues in the form of gifts. In a business which already gives away huge slices of its notional revenue in the form of commissions and discounts that 5 per cent is extremely difficult to find.

In Britain, the rental companies show signs of being able to edge their rates up. Five years ago the most popular rental car, the Ford Cortina, taken for a day and run for 60 miles or so, would have cost just over £12 if rented from one of the big four and the client was one of those increasingly rare people who did not get a discount of some sort. By last year the price had risen to around £24. The official price for a Sierra this year would be around £27 for the same rental.

However, not everyone pays the full rate. Discounts come in several forms. Usually a straight percentage off is offered for those customers who are regular car-hirers. This can rise to as much as 30 per cent for big clients. However, other special rates, for weekends, for one-way trips to airports or for holidays as part of a package, are all discounts. Hertz reckons that a car rental company's actual revenue can be between 20 and 40 per cent less than the advertised rates suggest.

But, even with discounts, the achieved rates are going up in line with the advertised rates. "Companies (business travel is the backbone of car rent and the areas of the biggest discounts) know that they have to pay for the service they are getting," says Swan National's Aldous.

Aldous has long been claiming that UK car hire clients get a far better deal than most people realise, in that British rental levels, expressed in terms of a percentage of the usually higher, car purchase price in Britain, are among the lowest in Europe.

Last year Aldous and his colleagues were particularly vehement about this because their normal corporate plans were disrupted by the chaos in the car purchase market. As the Cortina was phased out, the UK was beset by a rash of discounting. In July last year the trade value of a year-old Ford Cortina dropped by £250 which, given the number of Cortinas in use, probably knocked £2.5m off the total value of the UK car rental fleet.

Second-hand car values are crucial to car rental. Godfrey Davis Europcar (GDE) ordered £35m worth of cars for the coming season and will have 8,000 vehicles at the summer peak. Prediction of what those cars will be worth when they are sold (in between six and 12 month's time) is both vital and difficult. They only have to be worth £100 less each for GDE to be nearly £1m adrift in its profits forecast, which would not be good news to the French taxpayer.

If anything, however, second-hand car values are hardening at the moment, one of a series of factors which makes the rental companies a little optimistic although, as Avis declares: "We are a long way from the good old days".

The strength of the dollar might push up custom from the U.S. (at Heathrow last year Avis was market leader, ahead of Hertz GDE, and Swan) and there are even hopeful signs of growth in domestic business travel demand. Cost factors have led to a decline in the number of corporate pool cars —that is cars that sit in the company garage until needed— and, the rental groups claim, in private second cars.

In both cases the trend is for the one-time owner to turn to rental for those occasions when a car is needed.

The real target of the major groups remains, however, that sector of the market which is still in the hands of the smaller rental companies, ranging in size from others in the top 10, such as Kennings, to local garages with only a few vehicles. "There are 677 members of the British Vehicle Rental Association," says Godfrey Davis. "No-one has ever heard of 672 of them."

Those 672, nevertheless, retain more than half the UK rental market and present the major companies with a challenge they find very difficult to beat. Loaded with overheads for central corporate organisations, airport locations, sophisticated computer technology with satellite links, and with promises to customers always to have cars and to offer a 24-hour help service, the big groups find themselves consistently undercut by local operations.

"We are learning to adjust to this," says Avis. "We are constructing our tariffs on three levels." Those levels are designed to offer customers international rent-it-here, leave-it-there facilities for those who want them and can pay; holiday and leisure rental; and a local service for people who simply want a low-cost vehicle that will be brought back to the place where it was rented.

Europcar's Ordner also talks of the real target being the numerous small rental operations, which together are bigger than Hertz or Avis.

Underneath this talk of the little man and his competition there still runs a keen delight on the part of all the big four in putting one over on their counterparts. Large groups are given remarkable terms, not only in the form of discounts but also in other services. "It has been a buyer's market," says Avis. "People have been promising the earth." Avis salesmen have to be disciplined against being over-anxious in outdoing rival offers in order to win custom. "It is preferable to do better than you said you would."

America: the great profits give-away

"It has been called "the dumbest marketing programme in years" and it is punching a huge hole in U.S. car rental profits.

Most major U.S. car rental companies not only hand over the keys when you rent these days, they also ply their customers with gifts. At first it was luggage, anything from airline bag to a complete set, including golf bag. It now runs to calculators and even TV sets.

Avis set the give-away campaign rolling last autumn and other U.S. companies joined in. At first Hertz "sat on the side-lines hoping it would go away," says Mr Frank Olson, chairman and chief executive. "Frankly we received a great lesson in human nature." Customers whom Hertz had reckoned would stay loyal were tempted by gifts and showed a great willingness to switch brands.

"When the September share reports came in," says Olson, "we had slipped from 38 per cent of U.S. airport business to 37 per cent and Avis gained from 25 per cent to 26 per cent. In October, we slipped to 35 and Avis moved up to 28." At that point Avis told the world it was catching up on old No 1.

The gift programme was due to end on December 31. It was extended to January 31 and, when this spurred Hertz to take the plunge, to June 30.

"The January results are in and as we had forecast, the Hertz share of U.S. airports rebounded to 38 per cent and Avis slipped back to its pre-gift rate of 25 per cent," says Olson.

He argues that the war will "only pay off if it sharply increases the size of the total market, which has already proved unlikely . . . All it will do is shift the existing volume around at higher cost."

The big worry now is whether the gifts war will end before July 4 (U.S. Independence Day), or whether it will go on through the summer. Sighs Olson: "I know that security analysts are convinced that the airline industry and the car rental industry share one common bond—they call it a death wish. This programme won't do anything to dilute the analogy."

Weekend Brief

Ill-chosen words at the CBI?

"I've heard two party political speeches tonight and the more vehement one came from Sir Campbell Fraser," commented a guest at the Confederation of British Industry's annual dinner earlier this week.

He had just witnessed what could have been an orchestrated pre-election Conservative Party rally of industrialists, as 1,200 people responded to the heady mixture of sitting down to dinner with the Prime Minister at a time when the excitement of possible economic recovery is raising the temperature of pre-election fever.

The mood was built up by Sir Campbell, the CBI president. Despite his usual claim that the CBI is "political but not party political," he brought all his skills as a former public relations man to bear in support of the Prime Minister.

His speech was bullish about industrial prospects and was firmly pro-Government. It included one key and now controversial phrase to Mrs Thatcher about the general election which brought instantaneous and loud applause: "When the time does come I have no doubt that many of the people in this room will believe you need a second term of office."

Some senior members of the CBI leadership would have preferred him to have omitted that passage and told him so. They realise that despite the careful phrasing which did not commit the CBI as an organisation to official support for the Conservative Party, the overall impression is that the confederation has come out in favour of Mrs Thatcher's re-election.

In the past the CBI has always been careful not to become too openly identified with the Conservative Party, although its policy documents and recent messages to the political parties makes it clear that it would regard a general election victory for Labour as a disaster. An SDP-Liberal Alliance Government would be tolerable, but the clearly preferred administration would be Conservative and led by Mrs Thatcher.

But Sir Campbell decided not to drop the words and indeed praised her leadership and her speech. However, while Mrs Thatcher glowed, Mr David Steel, the Liberal Party leader

Sir Campbell Fraser: "political but not party political"

who was sitting a few yards down the top table, looked more and more uncomfortable and almost angry. Later he grumbled about the polarisation of industrial politics, noting that no one from the TUC or Labour Party had accepted invitations to be present.

He had reason to be miserable. He was witnessing a scene which made the SDP's early hopes of widespread support from battered industrialists tired of Mrs Thatcher's policies look rather hollow.

Now Sir Campbell will have to live with the fact that, by apeing the TUC's sort of open support for the Labour Party, he has helped to escalate the political polarisation of industry.

But at least the CBI's bank balance has benefited from the event. Compared with only 1,000 people who turned up to last year's annual CBI dinner to hear a long and boring speech from Mr Patrick Jenkin, Industry Secretary, Mrs Thatcher's name pulled in 1,400 applications for dinner tickets, of whom 200 had to be rejected for lack of space.

Need for new TV-am formula

After only 11 weeks of breakfast television TV-am's original chairman and Managing Director, Peter Jay, has gone. The Famous Five are reduced to the Famous One. Anna and Angela are negotiating the size of their golden handshakes. David Frost and Robert Kee have been shunted sideways to do "special" but apparently infrequent interviews. The sole survivor from that group of five is Michael Parkinson. Just suppose that he had been the only star to go along when TV-am made its bid for the licence. . . .

The year is 1980 and the place is Brompton Road, headquarters of the Independent Broadcasting Authority. Under their Chairman, Lady Plowden, the members of the IBA have interviewed seven sets of enthusiastic bidders with just one still to come. Those who have already put their case include ITN, Britain's second most experienced (and arguably best) television news organisation; AM Television led by the former Minister of Posts and Telecommunications Christopher Chataway with Pearson Longman backing; AMTV led by Lord Lever towing a raft of heavyweight journalists including Jonathan Dimbleby, David Elstein and Peter Jenkins; and Daybreak TV chaired by Sir Leo Pliatzky in company with Alan Whicker, William Davis and Jocelyn Stevens.

The last group arrives to argue its case. Led by Richard Marsh, Timothy Aitken and Michael Deakin they declare "a mission to entertain." They will be having a daily quiz, a "Baby talk" spot, recipes, a pop music feature, celebrity guests, agony aunts and uncles, and "Style by Jury" in which the appearance of public figures is criticised.

They are determined, however, to spurn metropolitan gloss and the razzmatazz of the star system. Keynote of their own style will be ordinariness, and as an earnest of their sincerity they push forward their chief presenters: a young sports reporter named Nick Owen and an obscure newsreader named Lynda Berry. Oh, and at weekends when competition from the BBC is expected to be negligible Michael Parkinson and his Missus will do a show with special captions for children.

"No contest!" says Lady P. "Presenters that nobody has heard of—splendid. And plenty of light entertainment instead of that tedious news and current affairs, so refreshing! The licence is yours."

Such a scenario sounds ludicrous, of course. The IBA's own conditions stipulated that the contract would be awarded "for the provision of programmes primarily of news, information and current affairs." Yet now, less than three months after the start of the service, the imaginery scene might just as well have occurred in reality.

Given that the BBC is already offering a relaxed "human interest" magazine programme which is, comparatively speaking, so successful, and that few busy breakfast time viewers offered such similar services will choose the one interrupted by commercials, the need now is surely for TV-am to start developing a formula all its own. And if they are to avoid the IBA taking a hand just as as they did when David Frost's last consortium failed with its London Weekend contract, then they had surely better keep the words "news, information and current affairs" in the forefront of their minds.

Anti-bovver loudspeakers for soccer

Sound experts are moving into soccer grounds to beat the hooligans. Instead of policemen leaping over the barricades to arrest the troublemakers a chap with a console high in the stand can fiddle with a few knobs and drown out the chanted abuse with a few chosen decibels.

The system is known as directional sound. It means that no longer should the club have those old fashioned horn-shaped speakers, in some cases tied to the stand girders and belting out pop music and team changes, but a finely tuned

tailored for individual circumstances so that one section of the crowd cannot hear what is going on behind the goal at the other end of the field.

Reliance Systems, part of GEC, has come up with this anti-troublemaker system by devising a series of loudspeakers whereby broadcasts can be zoned to any given section of the ground. In effect, this means that the man operating the console can address a whole stand, part of a stand, part or whole of the Kop, and deal with any trouble as it starts.

If one section of the crowd starts hurling abuse at an adjoining section the operator can be used to play crowd noises back to the troublemakers and so would the intended recipients of the abuse bearing the insults.

Additionally the intended recipients of the abuse will be unable to hear the plea for

is a bit complicated but Reliance believes that it could mean a breakthrough in dealing with crowd trouble. It obviously has other applications in Trafalgar Square or wherever the next political demo might be planned.

Reliance says: "The provokers will be equally unaware that their efforts have been in vain and so will not escalate the incidents to a level of action between spectators—we hope."

Bill Guy, Reliance Sales Engineer, says: "We first had the idea from our own people's reports of how trouble in the crowd starts. The police see the physical effect but can do nothing to prevent the earlier lead up—the verbal abuse. Stop the abuse we reasoned, or nullify its effect and perhaps, just perhaps, the physical stage can be averted."

He says that after studying reports of crowd trouble the clubs and concluded that its hypothesis was correct. Until recently such accurate control of sound broadcasting was not practicable but modern electronics has made it a proposition.

But achieving this perfect pitch, so to speak, is a job for the experts.

At least Reliance has had some success with its new system. Ibrox Park and Murrayfield in Scotland, Derby and Liverpool, the latter not known for crowd control, are carrying out experiments.

Perhaps it might not be too long before the Sunday newspaper sports section headline says: "Hooligans deafened in crowd uproar."

Contributors:
John Elliott
Chris Dunkley

Economic Diary

TOMORROW: Austrian general election. Mr Malcom Rifkind, Foreign Office minister in charge of Anglo-Soviet relations, starts visit to Russia. Association of Broadcasting Staffs conference in Brighton. USDAW conference in Blackpool (until April 27). APEX conference in Scarborough (until April 26). Mr Cranley Onslow, Foreign Office Minister, begin four-day visit to South America.

MONDAY: New vehicle registrations for March. Institutional investment in the fourth quarter. EEC steel council meets in Luxembourg. EEC Foreign Ministers in talks in Luxembourg (until April 26). General election in Portugal. United Nations conference on Palestine and Jerusalem in Sharjah. Labour—TUC liaison committee meets.

TUESDAY: CBI industrial survey for April. Bricks and cement (first quarter). EEC economic and social committee in plenary session in Brussels (until April 28). U.S. banks meet on inter-bank credit lines to Brazil in New York. Institute of Directors hold conference on "International mergers, acquisitions and divestitures—new perspectives on their place in corporate strategy" at 116, Pall Mall, SW1. Computer Users Association conference at Majestic Hotel, Harrogate (until April 29).

WEDNESDAY: New construction orders in February. European Parliament in special plenary session in Brussels to discuss unemployment (until April 28). EEC Agriculture Ministers resume price-fixing meeting. President Reagan to address join session of Congress on El Salvador. Probation officers to hold one-day strike.

THURSDAY: Energy trends (February). Overseas travel and tourism (January/February). Unemployment and unfilled vacancies in March. Employment in the production industries (February). Stoppages of work due to industrial disputes (March). Overtime and short-time working in the manufacturing industries (February). Mrs Margaret Thatcher at Cutler's Feast in Sheffield. ICI interim figures. IMF and World Bank annual meeting in New York (until April 29). OECD economic policy committee meeting. Building workers' pay talks. Completion of the committee stages of the Finance Bill in Commons. Launch of the Institute of Directors' policy document "The European Community —a policy for reform."

FRIDAY: Balance of payments current account and overseas trade figures (March). National meeting of Ford at Halewood to discuss working practices. Wales TUC conference in Cardiff (until May 1). TV representatives and Football League subcommittee in negotiations on televised soccer deal.

Blackwood Hodge £3.7m in loss and final omitted

THE RECOVERY from losses seen at halfway was not maintained by Blackwood Hodge in the second half of 1982 and, plunging once again deep into the red, this earthmoving equipment sales and service group has passed its final dividend.

Full year pre-tax losses soared from £92,000 to £3.69m, representing an adverse swing of £6.13m to a second-half deficit of £4.33m and cancelling out the *progress* of the first six months which saw a turnround from losses of £1.9m to profits of *£639,000.*

At that time the net interim dividend was held at 0.5p, but this is now left to stand against the 1.25p total paid for 1981—the forecast pre-tax profit for the year under review not having materialised.

Sales for the 12 months fell from £349.56m to £308.97m and trading profits finished £5.55m lower at *£13.53m. From these,* interest took £17.84m (£18.07m) but there was investment income of £619,000 this time and no exceptional charge compared with £1.1m previously.

Tax absorbed £1.13m (£2.14m), with basic loss per 25p *share at* 5.69p (3.01p) and fully diluted at 5p (2.55p). There were minority losses of £388,000 *against profits of £65,000* but no extraordinary debits compared with £950,000.

Announcing the figures, the directors say they believe the group will maintain its competitive position in the difficult trading conditions of 1983 and will return to prosperity when the world economic recovery is translated into an upturn in demand in the construction and mining sectors.

The trading pattern of the first few months of 1983 suggests that *it may well* be *some* little time before there is a significant general upturn in demand.

Results for the second half have shown how difficult it is to predict economic trends and business developments, even *in* the short term, say the directors and they therefore do not feel able to make any current-year forecast.

Nevertheless, although it cannot be said that there are strong indications of an upturn in business in all or even many of the main industrial parts of the world there are some hopeful trends, they add.

The reorganisation that the company has carried out over the past two years, involving a 21 per cent reduction in personnel levels and elimination of branches and facilities not likely to be profitable in the foreseeable future, has made the group more cost efficient and more effective. It is thus, the directors state, well placed to meet *demands of the market-place* when they arise.

Net assets attributable to ordinary shareholders amounted to £59.7m at the end of 1982, equivalent to 75p per share.

Stocks and debtors were £171.2m (£187m). However, if the *1981* figures were taken at 1982 rates of exchange the decrease would have been greater at £24m.

A geographical analysis of trading profits shows (£000s omitted) UK £7,871 (£7,826); Rest of Europe £896 (loss £44); *Africa £2,074 (£2,925); Australia* £1,420 (£3,342); Asia £664 (£583); North America £603 (£4,446).

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	*Corres-ponding div.*	*Total for year*	Total last year
Allebone	0.5	—	Nil	0.5	Nil
Blackwood Hodge	Nil	—	0.75	0.5	1.25
Grampian TV	2.5	June 24	2.25	3.6	3.25
Helene of London	1.11	—	1.11	1.48	1.48
Photax (London)	Nil	—	2	Nil	3.5
Scot Northern Inv	2.65	June 25	2.38	*3.85*	3.58
Stylo	3.5	—	3.5	3.5	3.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

Grampian TV rises to £768,000

A SHARP cut in Exchequer Levy from £188,000 to £6,000 helped Grampian Television to raise pre-tax profits for the year to February 28, 1983 from £642,000 to £768,000. First-half taxable figures of this North of Scotland *television programme* contractor had risen by £46,000 to £302,000.

The board cautions however, that the current year could see a modest reduction in profits. During the coming 12 months, the company will have to bear the cost of Channel 4 for the full period, service an increased bank loan and carry certain preliminary expenses relating to the Inverness operation.

The dividend for the year 1982-83 is being raised from 3.25p to 3.6p net per share with a final of 2.5p (2.25p). Stated earnings per ordinary and "A" ordinary non-voting share showed however, a reduction from 13.1p to 12.3p, after a higher tax charge of £215,000 (£54,000).

Explaining the cut in the year's Exchequer Levy, the board says the raising of the threshold during the year from £250,000 to £650,000 considerably reduced the company's Levy commitment this time.

Turnover for the year climbed by *some 25 per cent from £8.95m* to £11.21m. This substantial increase in revenue was largely due to higher advertising sales—although this success has contributed to higher costs.

Grampian's share of network programme charges, ITN, special events and films are all based on the company's network revenue, which the board says has grown considerably.

The single most significant factor affecting costs was the advent of Channel 4. In the year *under review, the company had* to pay a subscription of £178,500 to help finance the new channel while it produced little revenue.

Profits from the company's television operation slipped from £695,238 to £587,809, but Glenburnie Properties raised its *contribution from £152,467 to* £181,125. Blenheim Travel, which began trading 16 months ago, showed a profit of £4,712 for the year.

In current cost terms, group pre-tax profits came out at £741,000 (£5,000).

Another cash call by Spirax Sarco

By Clive Wolman

Spirax-Sarco Engineering, the steam and hot water control equipment *specialist, yesterday* launched a £16.65m rights issue to cover most of the costs of a U.S. acquisition announced last month.

The issue, the fourth in eight years, comprises an offer of one share at a price of 178p, for every four shares held. The share price fell yesterday by 8p to 208p.

Spirax-Sarco's £20m acquisition of the Sarco Division from *White Consolidated Industries* in Ohio will be financed temporarily from cash and bank borrowings when the cash is paid out next week, following an Extraordinary General Meeting on Thursday. Acceptances of the rights issue must be received by May 24. The issue has been underwritten by J. Henry Schroder Wagg and brokers are Phillips and Drew.

After expenses of £562,000 have been met, the issue of 9.35m shares will provide Spirax-Sarco with about £16m, sufficient to wipe out its borrowings and leave it with net cash totalling about £4m.

Mr Anthony Brown, *the chairman,* said the issue would allow the company to finance future expansion that an upturn *in the* economy would require. The Cheltenham-based company's results for 1982, announced three weeks ago, *showed an increase* in pre-tax profits from £7.35m in 1981 to £8.5m on a turnover of £47.8m *(£42.8m).*

The U.S. Sarco division, which manufactures steam traps and temperature and pressure regula*tors, used to belong to the same* group as Spirax-Sarco until 1952.

● comment

Spirax-Sarco shareholdes have become accustomed to regular whip-rounds over the last eight years and the resilience during the recession of what is a cyclical stock has given them little cause for complaint. But even on the most optimistic assumptions for the profits *contribution from the Sarco* division, shareholders will face significant dilution in their *earnings this year.* They may wonder why the company management has such an aversion to loan capital in any form, particularly now that it is making optimistic noises about an upturn. The U.S. acquisition increases the company's *exposure even more to the* energy-conservation field—and energy conservation was one of *the factors behind the* upsurge in its profitability in the mid-70s. But the management refuses to give any indication as to how sensitive its sales might be to a slump in the price of oil and the resulting apathy amongst industrialists and governments *towards energy saving. For* example, how much does it depend on acquiring new business as opposed to re-supplying existing customers? If the company can achieve pre-tax profits this year of £10.5m, the ex-rights share price is a high 17 times the fully-taxed diluted earnings.

English Association bids £4m for West Coast Trust

BY CHARLES BATCHELOR

West Coast and Texas Regional Investment Trust, which recently escaped a unitisation proposal from Arbuthnot Securities, is now the object of a £4.23m bid from The English Association.

The Association, a fast-growing merchant banking and financial services group, announced yesterday it had built up a *45.4 per cent stake* in West Coast, including Arbuthnot's 12 per cent holding. West Coast *invests mainly in U.S. shares.*

The Association is now offering 141p for each of the 1.64m *ordinary* 10p shares it does not already own. The Association *plans to retain a 20-25 per cent* stake and to place the remaining shares with institutions. West Coast's shares rose 1p yesterday to 142p.

The Association was keen to add a publicly-quoted trust to its investment range, said Mr *Christopher Spence, a director.* It already manages nearly £100m worth of funds, a quarter of them in the U.S.

The full bid was made after the Association yesterday acquired the 18.9 per cent holding in West Coast owned by the Colonial Mutual Life Assurance Society.

"We bought the Arbuthnot stake last Friday and were obliged by the seven-day rule to wait before we bought the Colonial shares," said Mr Spence. "*We were really biting* our fingernails that someone else would come along."

The offer is equal to 90.4 per cent of the net asset value of *West Coast on March 26.*

Mr R. E. Henbest of Williams and Glyn's, secretary to the board of West Coast, described the offer as "miserly" but conceded that the 45.4 per cent holding put the Association in a strong position.

Baring Brothers, the merchant bank which is advising West Coast, said it was slightly un*usual for a bid for an invest*ment trust to be made at a fixed price rather than based on a *formula* relating to *the* price.

The firmness of Wall Street since the offer price was calculated might mean it would be difficult to recommend acceptance of an offer at that price, it said.

The Association is not making any offer for the 299,930 warrants conferring rights to subscribe to ordinary shares.

*It plans for West Coast to re*main an authorised investment trust specialising in the securi*ties of U.S. companies. The Asso*ciation will take over as manager of the trust.

It is seeking early discussions with the West Coast board about the offer.

The Atlantic, Baltimore and *Chicago* Investment Trust, a sister trust of West Coast, which is also managed by Williams and Glyn's is also subject to a takeover bid, from Morgan Credit a Kuwaiti-backed consortium.

Morgan has offered 138⁴⁄₁₁p per share and has captured 26.33 per cent of Atlanta while also claiming it has received further offers to sell which take its stake to 47 per cent. The Association sold its stake in Atlanta to Morgan.

● London and Manchester Group, the ordinary and indus*trial life* assurance company, yesterday announced plans to unitise British Industries and General *Investment* Trust (BIGIT).

London and Manchester has requestioned the BIGIT board to convene an extraordinary general meeting *at* which a resolution will be proposed requiring the board to submit a scheme of *unitisation.*

The original proposal to unitise was put to BIGIT last December but was rejected. London and Manchester owns or controls 17.3 per cent of BIGIT, which had net assets of £8.78m on September 30 1982.

OFT to discuss Sotheby's bid

THE MERGERS panel of the Office of Fair Trading (OFT) *expects to discuss* the £61m bid from two wealthy American businessmen for Sotheby's, the fine art auctioneer, at a routine meeting early next week.

The bid will be considered by the panel because it involves assets—at Sotheby's—of more than £15m, the OFT said.

"The suitability of the per*sons involved could* be something we would look at if we thought it was important," a spokeswomen added.

Mr Marshall Cogan, one *of* the two bidders, consented in 1974 to the negotiated settlement of a Securities and Exchange Commission complaint though this did not amount *to* an admission of guilt to the alleged offence.

The OFT panel would then pass its recommendation on to Secretary of State for Trade who would decide whether to refer it to the Monopolies and Mergers Commission.

Mr Gordon Brunton, chairman of Sotheby's told shareholders in a letter yesterday that the company was evaluating all the *options* open to it and it would respond in full early next week.

It strongly advised shareholders to take no action at the moment.

Mr Cogan and his partner Mr Stephen Swid are barred from buying any more shares in Sotheby's until Tuesday at the earliest under the U.S. Hart-Scott-Rodino Anti-trust Improvements Act of 1976.

Sotheby's shares rose 5p yesterday to 510p, 10p below the offer price. The Americans already hold 13.9 per cent of *Sotheby's.*

Australians block Cadbury bid

AUSTRALIA'S tougher attitude *to foreign investment proposals* was confirmed yesterday when the new Labor Government blocked an A$48.4m (£27.1m) takeover bid for Allen's Confectionery, writes Michael Thompson Noel in Sydney. The bid had been launched by the UK-controlled Cadbury-Schweppes Australia in partnership with the Australian-owned Nelson Tobacco Company.

Mr Paul Keating, the Federal Treasurer, said the proposal was inconsistent with Australia's foreign investment policy, in that it would have significantly increased the level of foreign ownership and control of local confectionery manufacturing.

Earlier this week, the Government blocked a move by Unilever Australia to acquire two food businesses owned by Elders IXL. That deal would have been worth almost A$60m.

The Government has not spelt out a detailed change of policy, but it is clear it is enforcing existing guidelines much more severely.

Cadbury-Schweppes Australia *said* it was disappointed with the decision, but added that it might consider re-submitting its proposal to the Foreign Invest*ment Review Board.*

Cadbury Australia, which is 62 per cent-owned by the UK group, and Neslon Nelson, a private company, already hold 11.3 per cent of Allen's equity.

Life Savers (Australia) holds 19 per cent, while Rothmans of Pall Mall (Australia) owns 14.9 per cent. Rowntree Hoadley and the Singapore property investor, Mr Jack Chia, have about 5 per cent each.

Caparo may lift offer for Barton to 42.5p

THE BOARDS of Caparo Industries and Barton Group yester*day announced* that discussions are taking place which may lead to Caparo raising its offer for Barton to 42.5p cash per share.

The new offer, which would be worth £10.15m, compares with Caparo's cash bid last week of 33⅓p per share, worth £7.9m.

Caparo is a steel stockholding, industrial services, engineering and property group. Barton, a Birmingham-based tubing, industrial services and engineering group, rejected the earlier offer on the grounds that it was inadequate.

Caparo yesterday built up its stake in two other related companies. It purchased 150,000 ordinary shares in Brockhouse, the West Bromwich engineering, transport, building and materials handling and equipment manufacturing company, raising its stake to 1.74m shares, representing 10 per cent of the group's ordinary equity.

The move accompanied Caparo's acquisition of 100,000 ordinary shares in Richardsons Westgarth, the London based engineers and stockholders, increasing its stake in that company to nearly 19 per cent.

The Barton offer is subject to the group confirming its 1982 results and producing a profits forecast for the current year satisfactory to Caparo. A further announcement is expected to be made early next Month.

Barton's preliminary results show a 61 per cent decline in pre-tax profits to £400,000, with turnover down from £49.3m to £47.7m over the year.

The earlier offer was triggered when Caparo agreed to buy from Staveley Industries its 10.5 per cent stake in Barton. Caparo already held a 20.5 per cent share in the company, so the new purchase pushed its stake above the 30 per cent limit, beyond which a full bid becomes compulsory.

HIGHGATE OPTICAL

Extent Optical and Industrial has received acceptances in respect of 1,248,350 ordinary shares in Highgate Optical (16.13 per cent) in respect of its cash offer of 23p per share.

This comprised acceptances in *respect of* 1,245,620 shares (61 per cent) from the directors and certain shareholders who gave irrevocable undertakings to accept the offer, and acceptances in respect of 2,730 shares (0.13 per cent) from other shareholders. These 2,730 shares will be placed with clients of Heseltine Moss.

Although the sale of Bracecard, *a subsidiary of Highgate, to* Noticeward was approved at an EGM on April 15, formal completion has not yet taken place. Until then, Exent's offer for Highgate shares cannot be declared unconditional.

BELL & SIME

Acceptances have been received in respect of 266,428 ordinary shares in Bell and Sime which, together with the 119,600 *held by John Fleming prior to* the offer, represent 96.5 per cent of the issued ordinary share capital.

Acceptances have also been received in respect of 45,363 preference shares (90.726 per cent).

John Fleming *does not* at present hold any preference shares.

A *capital reorganisation* of the ordinary share capital of Bell has been approved.

More suitors for Benn

Benn Brothers announced yesterday that it had received a number of approaches from *other* parties following last week's £11m share bid for the company by United Newspapers, owner of Punch and the Yorkshire Post.

The Benn board has advised shareholders to take no action on the offer document which United Newspapers has posted to them, pending the outcome of discussions with its new suitors.

Mr *Malcolm* Lowe, Benn's chairman said none of the negotiations had reached "the stage where we need to say publicly who they are." He said "there will be others coming in," while some of the existing offers may firm up or be withdrawn.

"Once United Newspapers had thrown their hat into the ring, I would have been astonished if we hadn't seen this interest being created."

However, the Benn board will write to shareholders advising them on the United offer before the offer's first closing date. The United bid has the backing of Mr Timothy Benn, who was chairman of Benn Brothers until he was ousted after a boardroom row last December.

He *got together* 10 *family* shareholders owning 13 per cent of the equity to give United, with the shares it already held, a 14.5 per cent stake from which to launch its bid.

United made a 1982 pre-tax profit of £900,000 on the £8m turnover of its magazine business, while Benn made £1.24m on a turnover of £16m.

Benn's shares rose 15p to 185p following yesterday's announcement.

Octopus heavily over subscribed

Octopus Publishing Group which specialises in own brand books for major retailers like Marks & Spencer, has been heavily over subscribed for its offer for sale by tender.

N. M. Rothschild has set a striking price of 350p per 20p share compared with the minimum tender price of 275p adding £10m to its market capitalisation, now over £50m including deferred shares.

Applications at or above the 350p striking price exceeded the offer 4.3 times. There will be 5,400 allotments of shares and successful applicants will be informed on April 28 when dealings are expected to commence.

Allocation will be 100 shares to applications of 400 shares or less; 25 per cent to applications between 500 and 10,000 shares; and 20 per cent up to a maximum of 50,000, to applications for 15,000 shares or more.

Photax losses mount as photographic spending falls

THE LOSSES reported at halfway by Photax (London) accelerated in the second six months of 1982 and the company finished the year £296,000 in the red, as against a pre-tax profit of £409,000 previously. Turn*over of this photographic equip*ment manufacturer and importer fell from £6.33m to £4.78m.

The directors say the loss arose from the severe economic crisis which finally reached the photographic trade. At the mid-year stage, the company reported *a pre-tax deficit of £48,000* (£251,000 profit). No interim dividend was paid and now the final is also omitted—in 1981 payments totalled 3.5p.

This year, however, there has been a substantial recovery in sales in the first four months, in spite of the continuing intensity of competition for camera business. Bank indebtedness has been materially reduced by the upturn in sales, together with a reduction in stock levels.

However, the directors warn that it is still too early in the year to be confident of the timing of the company's return to satisfactory profitability.

In 1982, consumer spending on photography contracted considerably and there was also destocking in High Street shops.

Towards the end of the year there was a drastic fall in the value of sterling on the international market. The directors *say this was particularly* damaging for Photax as some [illegible] per cent of the products it distributes are paid for in two of the currencies which have most strengthened—the Japanese yen and the Deutsche mark.

There was a tax credit of *£161,000 (£116,000 charge) for* the year and loss per 25p share came out at 9.5p, as against earnings of 13.5p in 1981.

Helene of London ahead at £0.54m

An increase from £504,091 to £543,390 in pre-tax profits is reported by Helene of London. The directors of this manufacturer of fashion and leisure year, say the figures are as anticipated for 1982.

At the interim stage there was a *£50,000 increase to £253,000 in* profits.

In March 1983 the company ex*tended its children's wear divi*sion by the acquisition of the trading assets of the children's coat company, LC (Tailorwear).

The directors say the seasonal nature of this trade (together with other non-recurring factors) will cause a reduction in the company's first half profits, but they anticipate that its beneficial influence in the second half, accompanied by the signs of general improvement in business that are becoming noticeable, will signal the beginning of the recovery towards the group's pre-recession level.

With this in mind, they are recommending an unchanged final dividend of 1.11p for a same again total of 1.48p net.

Tax charged for the year was up from £211,000 to £242,000. After minority debits of £1,669 (£20,587 credits), and extraordinary debits of £89,236 (£40,000 credits), net profits emerged at £210,485 compared with £353,678.

Stated earnings per 10p share were 1.4p (1.5p).

Stylo holds dividend as profits slip

Second-half pre-tax profits at Stylo were down from £1.53m to £1.45m, and figures for the 52 weeks to January 29, 1983 declined by £54,000 to £770,000.

Sales of this West Yorkshire footwear retailer and wholesaler, manufacturer of sports footwear and retailer of clothing and household wares, improved from £44.01m to £49.6m.

The dividend is unchanged at 3.5p net.

The pre-tax figure was struck after interest charges up from £996,000 to £1.14m. Tax charged was unchanged at £157,000. *There was an extraordinary* debit of £85,000 compared with a credit of £86,000. Stated earnings per 25p share were down from 6.39p to 5.87p.

Allebone back in profit and resumes dividends

FOLLOWING reduced losses at mid-term, *Allebone & Sons, foot*wear retailer and manufacturer, returned to profit for the year to January 31, 1983 and is returning to the dividend list with a net payment of 0.5p.

Losses were cut from £282,000 to £156,000 at halfway and the *pre-tax profit for the 12 months* is £91,000. This compares with a deficit of £700,000 which was struck *after an exceptional* charge of £469,000.

The directors say that, after the major restructuring of the last two years, Tandem Shoes, the group's retailing subsidiary, reduced its operating loss from £305,000 to £48,000 on turnover of £10.3m (£11.6m).

A. & S. (Footwear), the manufacturing side of the business, increased its sales from £2.9m to £3.9m and lifted profits from £74,000 to £139,000.

Total group turnover amounted to £14.24m (£14.55m) and trading profits were ahead from £31,000 to £243,000. Interest charges absorbed £152,000 *(£262,000)* and tax *took £16,000* (nil). Earnings were 1p (9.6p loss) per share.

Below the line there were extraordinary credits of £13,000 (£189,000 debits) and this resulted in an attributable profit of £88,000 (£889,000 loss). Divi*dends cost £36,000 with £52,000* being retained.

Lasmo

Of the *24.44m* shares of 25p each offered by way of rights to the shareholders of London and Scottish Marine Oil over 98 per cent have been taken up.

Results due next week

Imperial Chemical Industries' chairman, Mr John Harvey-Jones, told the company's annual general meeting on Thursday that ICI's first-quarter figures to *the end of March, due next* Thursday, will show a "distinct improvement" on those of any quarter *in 1982, when* pre-tax profits for the year slumped to a 10-year low of £259m. The primary reason for the improvement appears to be an upsurge in demand in March experienced by the loss-making petrochemicals and plastics division. Pharmaceutical profits have been forging ahead while analysts expect the loss-making fibres and organics *divisions* to be breaking even this year. But with weak demand and depressed *fertiliser* prices persisting, agriculture is not expected to make much progress. Analysts have upgraded their forecasts for the first quarter to between £90m and £115m pre tax (£1982 £62m) and to between £425m and £475m for the year.

At the interim stage, John Laing warned that substantial overseas losses—chiefly due to *contract problems in Venezuela*—would wipe out group profits for the year, following 1981's advance to £6.2m. Few analysts now differ from that prognosis, however, most forecasts see pre*tax profits on the UK side* advancing by around 9 per cent to £12m when the company pub*lishes its* annual results on Thursday. The domestic operations should benefit from an estimated *£420,000* loss elimination thanks to the disposal of Lytag, the lightweight aggregates producer, and to higher volumes at Super Homes, which should *receive a fillip from lower interest* rates. Along with the new management's cost-cutting crusade, these effects are likely to become more marked in the current year. Uncertainties on the overseas front, however, mean the total dividend is likely to be maintained at 2.875p net for the fourth year running.

The bulk of Wimpey's profits traditionally come in the second half and the effect of appalling weather on its UK housebuilding operations in early 1983 means Thursday's annual figures will be no exception. Total pre-tax *profits of about £46m*—marginally up on last year—seem on the cards, compared with £6.2m at the interim. The main boost should come from a continued reduction in interest payments on the *back* of tighter cash control and falling rates. A costly sales drive, however, is bound to put pressure on margins. The order book is responding to the effort and to the market's revival, but Wimpey's conservative accounting *policies mean the* benefits will not show through until the current year. On that basis, *analysts predict a 10 per* cent *increase* in the final dividend, giving a total of 3p net.

Blue Circle, the largest manufacturer of cement in the UK, has had a tough year with the threat of imports hanging over its domestic business while its Latin American operations, which contributed £45m to its £104m 1981 profits, struggle through the region's international debt crisis. The result has been that the share price has *performed* below *the sector* and the market as a whole. But the news is not all bad. Volume *in the UK* has increased to compensate for the pressure on price, and business in other *parts of the world including* South Africa and Australia has held up. Estimates for Blue *Circle's* 1982 results due on Thursday range from £90m to a more optimistic £96m.

Tarmac the buildings products and construction business has had *another good year. Profits* for the year to December 31, due on Tuesday, are expected to *be up about* 25 per cent to £65m. The share price has outperformed the market by 31.32 per cent though there has been some weakness against the sector in the last quarter. It is highly rated, based on the good performance of the management over the last few years. The latest major development was the acquisition of Hoveringham, *integrated smoothly into* Tarmac's quarry products division and expected to make a full year contribution of up to £6m to group profits.

Also due to report next week are S. Pearson (year-end, Tuesday), Carpets International (year-end, Wednesday) and Hoover, (first quarter, Thursday).

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Aero Needles Group	Thursday	—	—	—
Boot (Henry) and Sons	*Friday*	*3.0*	10.0	*3.0*
Blue Circle Industries	Thursday	5.75	11.75	6.0
Bodycote International	Monday	2.0	2.0	1.0
Boosey and Hawkes	Thursday	1.9	—	—
BSG International	Wednesday	0.1	—	0.1
Caird (A.) and Sons	Monday	—	1.25	—
Carpets International	Wednesday	—	—	—
Clayton (Holdings)	Friday	0.9317	5.0683	0.9317
Clement Clark (Holdings)	Tuesday	1.2675	1.74	1.4375
Clive Discount Holdings	Tuesday	—	1.8	1.3
Cole Group	Friday	—	2.0	1.0
Davies and Newman Holdings	Thursday	—	3.0	3.0
De Vere Hotels and Restaurants	Wednesday	3.0	3.0	3.0
Downiebrae Holdings	*Thursday*	—	—	—
Dunton Group	Tuesday	—	—	—
EIS Group	Tuesday	1.072	3.428	1.5
English National Investment	*Tuesday*	*4.2†*	*5.4†*	*4.25†*
English National Investment	Tuesday	1.75‡	2.85‡	1.8‡
Farnell Electronics	Thursday	0.45	1.1	0.75
Flight Refuelling (Holdings)	Tuesday	0.93333	1.56667	1.12
Francis Industries	Thursday	2.0	3.0	1.0
Hammerson Prop Invst and Dev Corp	Monday	3.0	8.0	3.0
Hopkinsons Holdings	Friday	1.28571	4.15	1.5
Hoskins and Horton	Monday	2.0	3.0	2.0
Hyman (I. and J.)	Monday	—	0.1	—
Laing (John)	Thursday	1.0	1.875	1.0
Liberty	*Friday*	*0.4*	2.0	0.4
Lilleshall	Wednesday	1.0	1.5	—
Long and Hambly	Friday	—	—	—
Marlborough Property Holdings	*Wednesday*	—	0.4	—
Menzies (John)	Tuesday	1.45	3.05	1.6
Neill (James) Holdings	Wednesday	—	—	—
Office and Electronic Machines	Thursday	2.5	5.0	2.5
[illegible] Rubber	Tuesday	—	0.9	—
Petrocon Group	Monday	0.75	1.75	1.25
Rush and Tompkins Group	Tuesday	1.5	2.75	1.65
Shiloh	Wednesday	—	—	0.75
Silentnight Holdings	Thursday	1.0	1.5	1.0
Simon Engineering	Monday	4.0	8.6	4.0
Slingsby (H. C.)	Tuesday	0.6	0.8	0.6
Solicitors Law Stationery Society	Tuesday	—	—	—
Sunlight Service Group	Friday	0.6	2.775	0.75
Tarmac	*Tuesday*	*2.9*	*6.3*	*3.2*
Telephone Rentals	Wednesday	2.0	2.625	2.0
Thomson T-Line Caravans	Wednesday	—	—	—
Turriff Corporation	Tuesday	—	*5.0*	—
United Friendly Insurance	Monday	2.75	5.75	3.05
Viking Resources Trust	Monday	0.4	0.4	0.4
Whatman Reeve Angel	Thursday	1.8	3.2	2.2
Wimpey (George)	Thursday	0.85	1.95	0.85
Wingate Property Investments	Monday	—	—	—
Wire and Plastic Products	Thursday	0.85	1.22	0.85
Yule Catto	Thursday	1.0	1.5	1.0
INTERIM DIVIDENDS				
Causton (Sir Joseph) and Sons	Friday	0.7835	1.35	
British Assets Trust	*Wednesday*	3.351	1.2	
London and Prov Shop Centres (Hldgs)	Wednesday	0.81818	2.45455	
Lyles (S.)	Monday	2.5	3.75	
North British *Properties*	*Wednesday*	*1.1*	*2.0*	
Pochins	Thursday	0.875	2.125	
Safeguard Industrial Investments	Tuesday	1.2	4.1	
Samuel Properties	Thursday	1.3	3.3	
Simpson (S.)	Thursday	1.3125	2.1875	
TR Australia Investment Trust	Wednesday	1.6	1.9	
INTERIM FIGURES				
Audio Fidelity	Thursday			
Hawkins and Tipson	Thursday			
Hoover	Thursday§			
Imperial Chemical *Industries*	Thursday§			

¶ Total of first, second and third-interim dividends.
* Dividends are shown net pence per share and adjusted for any intervening [illegible]

Aurora reconstructs as losses continue

SHEFFIELD-BASED engineer Aurora is in need of a capital reconstruction. Prior to the announcement of this, and *further losses for 1982, dealings* in its shares were suspended yesterday.

During the last two years the group has suffered losses of more than £23m from its special steel manufacturing activities, which are being discontinued. These losses consist of a trading deficit and rationalisation costs associated with the transfer of operations to a single site at Openshaw and its subsequent closure.

As a result the directors say the company now needs to *restructure its capital* in order to operate within an acceptable financial structure. Discussions [illegible] institutional investors with a view to secure an injection of capital to put the financial structure on a sound permanent *footing.*

Meanwhile, Barclays has undertaken to maintain its existing lines of credit while these talks take place.

Following the losses and consequent capital erosion, net assets have been reduced to less than half the company's called-up capital. In these *circumstances an EGM has been* convened for May 17.

The directors state that despite substantial losses, borrowings have been contained at a level within available facilities. Calculated for the purposes of Articles of Association, the [illegible] £5.3m.

However, diminuation of the group's capital base, occasioned by losses incurred, has left the company with borrowings considerably in excess of authorised limits.

Accordingly, at the proposed EGM, two resolutions will be *put, one to ratify all borrowings* in excess of limits and the other to temporarily substitute new borrowing limits which approximate the group's current facilities.

Sales for 1982 totalled £103.43m (£113.6m). Continuing businesses made an operating profit of £4.85m (£6.65m), while those activities sold or being discontinued incurred losses of £3.78m (£5.77m).

Group trading profits amoun[illegible] (£5.23m) and a £300,000 (£830,000) share of associates, the company found itself £3.85m (£5.24m) in the red, subject to tax of £458,000 (£1.08m). The loss per 25p share is stated at 23.46p (32.96p).

Provisions for the estimated closure costs of operations at Openshaw are included in extraordinary debits of £13.39m (£5.42m) which resulted, together with currency losses of £43,000 (£457,000 gains), in a *total deficit of £17.74m (£8.71m).*

The special steel distribution *activity of Aurora Steels* is being continued in Birmingham, while businesses sold include J. Stead and Company, during 1982, and Anderson International, Ander-

SUMMARY OF THE WEEK'S COMPANY NEWS

Bids and deals

Rowntree Mackintosh embarked on its long-awaited U.S. expansion with the £140m purchase of Toms Foods, a crisps and snack foods manufacturer, from General Mills. The deal represents Rowntree's largest-ever acquisition and marks a substantial expansion of its snack foods activities.

Tate of Leeds, the Ford main dealer, announced a possible offer for the outstanding shares in the company not already owned by chairman Thomas Tate and other family interests. The company said it was engaged in discussions concerning its long-term future and also announced the acquisition of oil and gas interests in West Virgania and Louisiana.

Humphries Holdings, the 75 per cent-owned quoted subsidiary of British Electric Traction, received an approach from Technicolor which may lead to an offer for the motion films developer and printer.

The Take-over Panel stepped in to block a proposed bid from Canada Northwest Petroleum for Marinex Petroleum, the UK oil and gas exploration group. The Panel refused to approve a conditional agreement between two of Marinex's directors, both from the U.S., which would have given Canada Northwest control of their shareholdings amounting to 50 per cent of the company's equity. Following its announcement of a proposed tender offer for the remaining shares, Canada Northwest stated that it would make no offer for the time being.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Aberthaw Cement	760§	640	420	21.85	Blue Circle
Alpine Hldgs	156	146	97	17.95	Kean & Scott
Andrsn Strthclyde	200*	196	179	94.83	Charter Cons
Anglio Met	90●	90	80	5.31	Atlantic Met
Austin (E.)	60*	32xc	50	2.54	Caparo Inds
Austin (James)	87*§	86	64	3.91	Trumans Steel
Barton Group	42½*§	42	32	10.20	Caparo Industs
Bell & Sime	160*§	155	136	0.45	Fleming (J.)
Benn Bros	160	185	150	10.73	Utd Newspapers
Bilton (P.)	247	286	262	92.4	Trust Sec
Brotherhood (P.)	13½*	15	26	0.61	Thermo Electron
W. Coast & Texas	141*§	142	141	4.23	English Assoc
Cope Allman	60*§	60	58	23.7	Dowable
Crest Int	13½	10¾	13	4.69	Kwik-Fit
Davenport Brwy	285§§§	295	246	23.93	Wolv Dudley
Dollands	37½*	150	70	0.15	A. P. Ward & N. Fetterman
Edin & Gen Ins	23½	22	13	5.12	Mills & Allen Intl
Heal	£38*	£36	£16	4.80	Habitat Mthrcare
Highgate Optical	23*	63	35	0.47	Exent
Jeavons Eng	79	72	62	4.42	Newman-Tonks
Leisure Inds	382	338	290	7.64	Riley Leisure
RTD	16*	18	14	0.30	East Anglian Secs
Saxon Oil	119	155	66	16.10	Clyde Pet
Second City Prop	75§§	71	60	17.66	Beazer (C. H.)
Sotheby P.B.	520*	510	490	59.7	Felt Ind/Knoll Int
Steetley	201	212	153	122.9	Hepwrth Ceramic
Sunrie	60*§	100	70	0.95	Afcor Invs
Surmah Vlly Tea	148‡‡	140	123	1.18	Rightwise
Tilling (T.)	206	190	176	599.4	BTR
Trident TV A	80‡§§	91½	104½	1.23	Pleasurama
UDS	130*	135	89	247.9	Bassishaw Invs
UDS	136	135	110	259.3	Hanson Trust

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on April 22 1983. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional. ● Loan stock alternative.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aberthaw Cement	Dec	3,130	(3,190)	51.1	(61.1)	—	(—)
Aquascutum Grp	Jan	333	(1,060)	1.9	(3.9)	2.05	(2.05)
Argyle Trust	Dec	609	(692)	2.7	(1.6)	1.0	(—)
Arrow Chemicals	Dec	360	(146)	2.1	(3.0)	1.0	(—)
Automotive Prods	Dec	14,110L	(2,210)	—	(—)	0.5	(3.0)
Bank of Scotland	Feb	46,400	(47,400)	117.9	(123.9)	24.0	(21.0)
Bardsey	Dec	250L	(842)	—	(2.3)	0.1	(0.3)
Barrow Hepburn	Dec	865	(1,640)	2.3	(3.9)	2.2	(2.2)
Bentalls	Jan	2,110	(2,035)	2.9	(3.7)	1.6	(1.5)
Biddle Holdings	Dec	1,710	(1,510)	23.3	(21.6)	10.0	(9.0)
Black (A&C)	Dec	335	(122)	32.5	(11.7)	7.5	(5.39)
Blockleys	Dec	652	(405)	18.5	(15.5)	10.0	(7.3)
Boustead	Dec	452	(1,420)	—	(1.3)	1.25	(1.25)
Bramall (CD)	Dec	1,950	(2,110)	21.5	(25.1)	6.0	(6.0)
British Syphon	Dec	467L	(593)L	—	(—)	0.5	(1.0)
Brixton Estate	Dec	7,076§	(6,134)§	6.0	(5.0)	4.0	(3.5)
Camrex Hldgs	Dec	802	(837)	6.0	(5.2)	4.02	(4.02)
Chesterfield Props	Dec	5,020	(4,310)	13.2	(10.4)	8.25	(7.25)
Clarke Nickolls	Dec	713	(1,190)	14.0	(21.7)	5.0	(4.5)
Combined English	Jan	1,750	(2,681)	1.6	(3.6)	1.82	(3.15)
Cory (Horace)	Dec	368	(206)	2.0	(2.0)	1.4	(1.1)
Crowther (John)	Dec	46	(270)L	1.1	(—)	—	(—)
Currys Group	Jan	15,060	(11,270)	20.8	(18.8)	6.75	(4.95)
Cussins Property	Dec	1,300	(1,250)	14.6	(15.6)	5.1	(2.9)
Danish Bacon	Dec	957L	(580)	—	(12.0)	0.1	(3.5)
Dixor-Strand	Sept	99	(92)L	1.3	(—)	—	(—)
Duncan (Walter)	Dec	549	(675)	28.3	(31.7)	12.0	(12.0)
Dunlop Holdings	Dec	7,000L	(—)	—	(—)	2.0	(4.0)
Emray	Dec	195	(201)	1.1	(1.2)	0.5	(0.5)
Feb International	Dec	862	(909)	7.4	(7.0)	2.4	(2.25)
Fogarty	Dec	12L	(1,320)	—	(6.3)	4.02	(4.02)
Garfunkels	Jan	321	(82)	9.4	(—)	1.4	(—)
Haden	Dec	8,620	(7,680)	32.2	(30.1)	8.63	(7.5)
Hambro Life	Dec	19,510†	(16,760)†	16.4‡	(14.1)‡	13.4	(11.5)
Harrison Cowley	Dec	558	(520)	5.1	(4.9)	4.2	(3.85)
Hawker Siddeley	Dec	116,200	(121,100)	38.9	(40.1)	9.8	(9.3)
Hunting Petrlm	Dec	7,140	(7,490)	33.6	(39.2)	8.0	(7.5)
Jerome (S.)	Dec	22	(520)	3.4	(6.8)	2.69	(2.69)
Laporte Inds	Jan	20,692	(15,212)	19.7	(10.8)	8.75	(7.0)
Lawrence (Wltr)	Dec	2,240	(1,840)	40.5	(33.2)	9.3	(8.25)
Leyland Paint	Dec	2,990L	(422)	—	(2.2)	—	(1.5)
Lilley (F. J. C.)	Jan	11,030	(7,810)	19.1	(20.6)	6.05	(5.5)
L&C Advertising	Dec	410	(318)	1.3	(1.1)	0.2	(0.15)
Maclellan (P&W)	Dec	317	(339)	3.0	(3.9)	1.5	(1.43)
Marshall (Thos)	Dec	637L	(783)	—	(11.3)	1.2	(2.8)
Midland Inds	Dec	551	(768)	3.5	(5.3)	2.6	(2.6)
Miller (F.)	Feb	2,440	(2,390)	8.0	(7.7)	2.7	(2.44)
Minet Holdings	Dec	17,800	(14,750)	10.5	(10.2)	4.55	(3.8)
Myson Group	Dec	1,300	(7,100)L	2.1	(—)	—	(—)
M.Y. Dart	Dec	619L	(235)La	—	(—)	0.1	(1.82)a
Neil & Spencer	Nov	746L	(1,450)L	—	(—)	—	(—)
Owen Owen	Jan	1,650L	(220)L	—	(—)	3.0	(3.0)
Parambe	Dec	68	(55)	1.2	(0.9)	0.8	(0.7)
Perry (Harold)	Dec	3,160	(3,720)	12.6	(13.4)	3.75	(3.75)
RMC Group	Dec	44,760	(41,670)	25.6	(26.9)	10.2	(9.5)
Savoy Hotel	Dec	1,820	(604)L	6.2	(21.8)	1.4	(1.15)
Scottish Mortgage	March	6,150	(6,190)	5.4	(5.3)	5.8	(5.3)
Scottish TV	Dec	1,890	(2,333)	16.7	(28.4)	7.35	(7.0)
Smallshaw (R.)	Dec	193¶	(153)‖	6.8¶	(5.4)‖	2.25¶	(1.75)‖
Smith (W. H.)	Jan	26,710	(21,170)	17.3	(14.9)	6.0	(5.25)
Stanley (A. G.)	Jan	97	(2,160)	—	(7.4)	1.0	(2.5)
Steel Brothers	Dec	10,020	(7,810)	51.7	(41.2)	11.5	(9.6)
Sun Life	Dec	8,480	(6,970)	13.4	(11.2)	13.4	(11.0)
Supra Group	Nov	63L	(658)	0.2	(2.3)	1.9	(1.82)
Tate of Leeds	Dec	574	(611)	43.2	(42.6)	1.25	(1.25)
Tharsis	Dec	512	(383)	16.6	(12.1)	2.1	(1.75)
Tilbury	Dec	2,510	(2,180)	14.6	(13.6)	5.0	(4.17)
Toye	Dec	130	(44)	5.0	(5.6)	1.75	(1.75)
Twinlock	Feb	1,070	(563)	3.4	(1.5)	0.9	(—)
United Parcels	Jan	6,730	(6,050)	8.9	(8.0)	2.55	(2.25)
Wadkin	Jan	948L	(1,379)L	—	(—)	0.5	(0.5)
Websters Group	Dec	1,460	(1,140)	4.5	(2.8)	2.7	(2.5)
Woolworth Hldgs	Jan	20,500	(—)b	30.0	(—)b	—	(—)
York Trailer	Dec	31L	(1,220)L	—	(—)	—	(—)

Offers for sale, placings and introductions

Brixton Estate has placed £15m of 11¾ per cent first mortgage debenture stock 2018, at £99.782 per cent.

City of Bristol issue of £35m of 11½ per cent stock redeemable in 2008 at £98 per cent.

Microlease has joined the Unlisted Securities Market via a placing of 820,000 at 94p per share.

Mnemos is coming to the USM via an introduction.

Spring Ram Corporation is placing 2.254m shares at 105p each on the USM.

Strikes Restaurants is joining the USM through a placing of 600,000 ordinary 10p shares at 47p per share.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Adwest Group	Dec	2,400	(2,260)	2.1	(2.1)
Casket (S.)	Dec	281	(256)	0.5	(0.5)
Cradley Print	Dec	266	(280)	—	(—)
Dewhurst Dent	Jan	11	(78)L	—	(—)
Dubilier	March	1,200	(900)	0.9	(0.78)
Highland Elctrcs	Oct	201	(38)	—	(—)
Kwik Save	Feb	12,330	(10,680)	2.3	(2.0)
Linread	Jan	355L	(150)	—	(—)
McKechnie Bros	Jan	5,500	(5,030)	2.0	(2.0)
New Cavendish	Dec	63L	(8)	—	(—)
Nth Sea Assets	March	277	(310)	—	(—)
Raglan Property	Sept	109	(122)	—	(—)
SI Group	Dec	426	(195)	0.38	(0.3)
Ulster TV	Jan	461	(397)	3.7	(3.3)
Wade Potteries	Jan	261	(52)	0.55	(0.5)

(Figures in parentheses are for the corresponding period)

* Dividends are shown net except where otherwise stated. † Actuarial surplus. ‡ Calculated on actuarial surplus. § Gross profit. ¶ For 15 months. ‖ For previous year. a For previous 18 months. b No comparable figure.

Rights Issues

Atlantic Resources is raising I£4.984m via a rights issue on the basis of four for five at 80p per share.

Combined Technologies Corporation is raising £5.227m via a one for five rights issue at 42p per share.

Dubilier is making a one for four rights issue at 85p per share to raise £5.493m.

Eastern Produce (Holdings) is raising £2.75m through a rights issue of 10½ per cent convertible unsecured loan stock 1997/2002, at par. The basis of the issue is £1 nominal of stock for every four ordinary shares and £3 nominal for every four warrants.

★ Guest, Keen and Nettlefolds is raising £80.091m via a one for three rights issue at 145p per share.

★ Immediate Business Systems is making a one for four rights issue at 198p per share to raise £2.673m.

★ Mellins is making a rights issue on the basis of one for six at 100p to raise £619,393.

Myson Group proposes to raise £4.14m by way of a rights issue on the basis of two for nine at 45p per share.

★ From last week.

Scrip Issues

★ I. J. Dewhirst: One for four.
★ T. C. Harrison: One for two.
★ London Brick: One for one.
F. J. C. Lilley: One for one.
F. Miller (Textiles): One for one.
W. H. Smith and Son (Holdings): One for one.
Tilbury Group: one for four.
★ Wilson (Connolly) Holdings: One for one.
★ From last week.

APPOINTMENTS

Mellor on Ford Motor board

Mr Ronald Mellor, vice-president car engineering, Ford of Europe, has been appointed to the board of FORD MOTOR COMPANY. He joined Ford at Dagenham in 1955 and subsequently held several positions in the company's product development group at Dunton, Essex, before appointment to his present post in 1975. Ford Motor Company has appointed Mr J. Brian Coolahan as a director of Ford Motor Credit Co. Director of field operations he joined Ford Credit as one of the original team in 1964, and was involved in establishing Ford Credit operations in Japan, New Zealand and the Far East.

★

Mr Michael R. M. Foster has been appointed to the board of COURAGE as marketing director from May 3. He joins from the Colgate-Palmolive Corp where he was director of marketing for the Kendall Company, a Colgate-Palmolive subsidiary in the U.S. Mr David Claxton, managing director of Courage Take Home Trade has also been appointed to the board of Courage from May 3.

★

The INTERNATIONAL CHAMBER OF SHIPPING was elected Sir Adrian Swire as chairman. Sir Adrian, who has been acting-chairman of ICS since the death of Lord Inverforth in June 1982, is deputy chairman of John Swire and Sons. Rear Admiral Benkert (U.S.) was re-elected as vice-chairman, and Mr Hans Jakob Kruse (Federal Republic of Germany) succeeded Sir Colin Goad (Liberia) as the other vice-chairman. Rear Admiral Benkert is president of the American Institute of Merchant Shipping and Mr Kruse is chairman of Hapag-Lloyd AG.

★

Mr M. J. Box, Mr D. W. Fitzsimon, Mr V. C. MacColl, Mr N. Reed and Mr B. A. Skinner join the partnership of GRENFELL AND COLEGRAVE, stockbrokers.

★

BABTIE GEOTECHNICAL is a geotechnical consultancy which has been formed from the geotechnical section of Babtie Shaw and Morton, consulting civil engineers. Chairman is Mr David Coats who is currently also senior partner of Babtie Shaw and Morton. Managing director is Mr Paul Carter and the other two directors are Mr Graham Kinder and Mr George Arthur, all with Babtie Shaw and Morton.

★

Sir Hubert Newton has been re-elected chairman and Mr John Quipp, elected deputy chairman for the ensuing year of the BRITANNIA BUILDING SOCIETY.

★

Mr Peter J. Bates, director of sales and marketing for GLENEAGLES HOTELS, has been appointed to the main board of the company.

★

Mr John Clarke has been appointed managing director of MEMOREX UK. He has been director, customer engineering for over two years. The appointment follows the promotion of Mr J. E. M. (Mike) Kitching to vice-president of Memorex International, where he is responsible for subsidiaries in Northern Europe, including the UK.

★

Mr Hugo Dunn-Meynell has ben appointed director general of the INTERNATIONAL WINE AND FOOD SOCIETY.

★

Mr K. M. Feeny is to become a partner of W. GREENWELL & CO, stockbrokers, on May 17.

★

Mr Graham D. Hill has been appointed a director of GUINNESS MAHON LEASING and an assistant director of Guinness Mahon and Co.

★

Mr D. Brierley has become a partner with MONTAGU, LOEBL, STANLEY & CO, stockbrokers.

★

Mr John Gourley, executive head of the National Theatre's sponsorship department, will be joining arts sponsorship consultants KALLAWAY as development director from May 16.

★

J. Lyons and Co, food division of Allied-Lyons, has made the following board changes in LYONS TETLEY, Greenford: from June 1 Mr Keith R. Jamieson becomes managing director. Since 1978 he has ben chairman and managing director of Baxters of Speyside; from May 1 Mr Stephen H. Alexander will be appointed a director with responsibility for special projects. He has been with Lyons Tetley since October 1982. Mr Frank Merry, an assistant managing director of Lyons and responsible for the grocery sector, remains chairman of Lyons Tetley.

★

BSG INTERNATIONAL has appointed Mr Peter Johnson as managing director of the main Ford dealership at Cheltenham. He was managing director of the company's dealership at Bromley.

T. F. & J. H. BRAIME (HOLDINGS) PLC

(Seamless Drawn Presswork, Oilcans and Elevator Buckets)

The Thirty-third Annual General Meeting of T. F. & J. H. Braime (Holdings) P.L.C. was held in Leeds on 22nd April. The Chairman, Mr. James L. Braime, presided and the following is his statement:—

Difficult trading conditions persisted throughout the year, nevertheless I am pleased to report an increase in turnover to £2,903,890 (1981—£2,492,680) and a trading profit before tax of £54,227 (1981—£22,374). In spite of the gradual decline in interest rates throughout the year, investment income of £103,658 almost equals the £105,454 achieved in 1981. Gilt edge securities were sold towards the end of the year giving rise to an extraordinary profit of £52,040.

Once again the co-operation of all employees throughout the year has enabled us to give a high standard of service to all our customers. I am pleased to express my thanks and appreciation for their support.

I regret to say that direct exports have again failed to match the level achieved in 1980, largely due to severe foreign competition and depressed world markets.

Braime (Elevator Buckets) Limited has again traded successfully and has made a useful contribution to the group. We continue to spend modest sums on research and development with the object of opening up new markets for our products in the foreseeable future.

Trading prospects in the early months of 1983 are not encouraging and compare with a similar period in 1981. Customers will no longer keep stocks, consequently manufacturing lead times need to be very short, making it extremely difficult to plan production effectively. A return to a more reasonable level of trading profit depends upon an improvement in demand for the specialised services we offer.

I am convinced that our patience and perseverance will ultimately be rewarded.

Mr. J. A. H. Braime, the Director retiring by rotation, was re-elected.

LONDON TRADED OPTIONS

Option	Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Brit. Petroleum (*388)						
300	102	108	—	2	4	—
330	72	78	—	5	8	—
360	44	52	62	11	16	20
390	22	34	44	18	28	32
Cons. Goldfields (*549)						
390	170	—	—	2	—	—
420	140	—	—	3	—	—
460	100	112	—	6	12	—
500	65	77	85	13	25	32
550	33	48	60	32	42	50
600	14	27	—	65	—	—
Courtaulds (*95)						
70	26	28	—	1½	2	—
80	17	19	21	2½	3	4
90	8	11	14	5	7	9
100	4	7	9	12	13	15
Commercial Union (*148)						
120	31	36	—	1½	2	—
130	22	26	—	3	3	—
140	16	17	22	6	8	8
160	7	9	12	17	19	21
G.E.C. (*234)						
180	68	70	—	2	4	—
200	48	52	—	3	8	—
220	30	36	42	8	16	20
240	16	21	30	18	24	28
260	8	—	—	28	—	—
Grand Met. (*336)						
280	62	—	—	2	—	—
300	45	50	—	3	6	—
330	21	30	39	13	17	20
360	12	17	23	30	32	37
390	5	9	—	59	60	—
I.C.I. (*458)						
300	170	—	—	—	—	—
330	140	—	—	2	—	—
360	110	116	—	4	3	—
390	80	88	—	6	6	—
420	56	62	70	7	14	16
460	32	44	52	22	26	30
Land Securities (*326)						
260	70	77	—	2	—	—
280	50	57	—	3	6	—
300	31	39	46	7	11	14
330	14	22	28	18	21	24
Marks & Spencer (*209)						
180	35	39	—	3	6	—
200	21	25	33	10	13	16
220	9	15	21	19	25	26
240	4	—	—	34	—	—
Shell Transport (*494)						
390	116	126	—	2	3	—
420	86	98	—	3	8	—
460	48	60	68	10	16	20
500	26	36	46	26	32	34
550	12	20	—	64	66	—

Option	Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Barclays Bank (*485)						
360	130	140	—	1	2	—
390	100	110	—	2	2	—
420	70	80	95	2	5	10
460	32	42	60	6	18	25
500	9	23	37	20	28	38
Imperial Group (*108)						
90	19	—	—	1	—	—
100	9	—	—	1½	—	—
110	4	10	13	6	8	10
120	2½	5	8	14	15	17
130	1	3	4½	23	24	25
LASMO (*305)						
210	100	107	115	1	5	4
230	80	87	95	2	6	7
250	60	70	78	2	10	13
270	40	55	65	4	15	18
290	25	38	—	12	22	—
300	—	—	43	—	—	27
320	11	25	—	27	37	—
330	—	—	30	—	—	47
350	5	—	—	—	—	—
Lonrho (*89)						
80	11	14	16	1½	3½	5
90	4½	7½	9	4	7	10
100	1½	3	5	13	16	18
P. & O. (*157)						
100	59	59	—	0¼	1	—
110	49	49	—	0½	2	—
120	39	39	41	1	2	4
130	29	30	31	1½	4	6
140	20	22	24	2	8	12
160	7	10½	14	13	20	24
Racal (*489)						
420	75	87	100	2	5	14
460	37	52	65	9	20	35
500	14	30	45	24	35	45
550	3	12	—	67	70	—
600	1	2¼	—	115	115	—
650	1	—	—	165	—	—
R.T.Z. (*582)						
390	200	—	—	0½	—	—
420	170	175	—	0½	—	—
460	130	135	—	0½	4	—
500	90	95	116	2	8	17
550	40	60	77	9	20	30
600	15	32	47	33	42	54
Vaal Reefs (*$114)						
80	—	—	—	1	—	—
90	25	29	30½	1	2½	5
100	15½	20	22½	1½	5	9
110	8½	14	17½	5	8½	13
120	4	9½	12½	10	14½	17
130	1½	6½	9	18	—	22½
140	1¼	4	6	—	—	—

Option	Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
Beecham (*405)						
360	50	60	70	4	8	8
390	33	45	50	12	18	23
420	17	32	38	30	35	40
Guest Keen (*159)						
140	29	33	35	3	5	9
160	15	19	23	9	12	17
180	4	11	14	23	25	30

Apr. 22 Total Contracts 8,121 Calls 2,870 Puts 551

* Underlying security price.

SHARE STAKES

Whatlings—J. Robertson, a director, has sold 30,000 ordinary shares, reducing holding to 72,500 (1.8125 per cent).

S. Pearson and Son—The Dickinson Trust has disposed of 24,205 ordinary shares reducing holding to 5,606,163 shares. The Dickinson Trust and the Cowdray Trust have disposed of a total of 39,372 ordinary shares reducing holding to 423,372 shares. The Cowdray Trust has acquired 1,269,344 ordinary shares increasing holding to 4,861,967 shares. The Dickinson Trust has disposed of 1,269,344 ordinary shares reduction holding to 4,336,819 shares.

Northern Goldsmiths—Anthony Charles Glover, chairman and his family have acquired a further 37,340 ordinary shares.

Erith—R. F. Erith, a director, has acquired 100,000 ordinary shares increasing holding to 150,000. M. J. Shannon, a director, in respect of his wife, has acquired a total of 8,000 ordinary shares increasing holding to 187,600.

Horizon Travel—B. W. Tanner, chairman has sold 25,000 ordinary shares and his wife Mrs A. Tanner has sold 15,000 reducing holdings of Mr Tanner and his family to 432,024.

Pentland Investment Trust—On April 18 Scottish Ontario Investment Co bought 183,300 ordinary at 276½p and 50,000 at 276p. Dominion and General Trust bought 91,700 ordinary at 276½p and 50,000 at 276p.

RTD Group—Following a further purchase of ordinary shares, Mr and Mrs D. E. Hawkins and Mr Martin E. Yeates, who are deemed to be acting in concert, now hold 122,412 ordinary shares (5.50 per cent).

WORLD STOCK MARKETS

Dow nearing 1200 at mid-day

STOCK PRICES climbed higher on Wall Street yesterday, led by the Blue Chip and "heavily capitalised" issues.

By mid-day, the Dow Jones Industrial Average was up 5.91 to 1,194.18, making a rise of 22.84 on the week, while the NYSE All Common Index, at $92.14, rose 19 cents on the day and 96 cents on the week.

But the broader market was not quite as strong and advances edged declines by only some 50 issues. Volume fell 13.84m issues. Volume fell 13.84m shares to 54.90m, compared with noon Thursday.

As the Dow moved toward the elusive 1,200 mark, which has never been breached, analysts said investors were turning cautious and primarily buy the relatively safe Blue Chip issues.

Bellwether IBM paced the rally advancing $2¼ to $116¼ in heavy trading. IBM is the most popular stock among Institutions and can often set the direction for the rest of the market.

Analysts attributed yesterday's climb in IBM's stock to wide-spread speculation that the company will announce a dividend increase at its annual meeting monday.

Volume leader Chrysler moved up $2 to $25⅞ on turnover of more than 1.5m shares. Thursday it reported record first quarter earnings. Ford and American Motors have not yet reported but were also active, with Ford up $1⅞ to $47½ and American Motors $⅛ to $7⅜. General Motors, which reported higher earnings earlier this week, gained $½ to $65.

Texas Instruments fell $6½ to $144⅜, Motorola $5⅝ to $104¼. Digital Equipment were down $1 to $120¼ and Teledyne declined $1⅞ to $140¼.

Honeywell were up $⅝ to $102½ but General Electric were off $⅝ at $110¼.

Commodore International advanced $2⅝ to $86¼ and Coleco $¾ to $26⅜.

American Telephone and Telegraph firmed $½ to $66⅛. Eastman Kodak $¼ to $82. Northwest Industries $1½ to $37¼ and Pogo Producing jumped $4½ to $24½. Lockheed improved $1¾ to $119⅞.

THE AMERICAN SE Market Value Index gained 1.36 to 414.81, making a rise of 7.69 on the week. Trading volume decreased 1.85m shares to 5.35m, compared with midday Thursday.

Closing prices for North America were not available for this edition.

Canada

Stocks were sharply higher at midsession, with gains coming over a broad range.

The Toronto Composite Index was up 13.6 at 2,326.2, Metals and Minerals 6.8 at 2,171.4, Golds 11.1 at 4,463.0, Oil and Gas 19.7 at 3,068.7 and Banks 2.10 at 508.53. Papers, however, shed 2.34 to 187.84.

Northern Telecom jumped $4 to $110¾ on higher first-quarter earnings.

Germany

Share prices failed to maintain opening gains as a spate of profit-taking swept through markets, although the underlying tendency remains firm and both Foreign and Domestic investors were still in markets.

But the Commerzbank Index, calculated at the midsession, was 0.60 higher at 948, the highest since June 1961.

VW put on DM 5.70 to 184.70.

Banks were hit by profit-taking. Bayernhypo slipped DM 2.50 to 319, after touching 323.50, and Bayernverein shed DM 1.50 to 378, after 380.

Precious Metal Refiner Degussa advanced DM 14 to 340 on "favourable" profits in the six months to March and ahead of an expected Dollar Bond issue with Share Warrants.

Switzerland

Domestic shares steady in moderately active trading, bolstered by the softer dollar. But Thursday's slightly lower Wall Street close made for a cautious attitude.

Most trading activity centred on selected Financials and Industrials.

Banks fluctuated narrowly with an easier bias.

Swiss Bond prices narrowly mixed, with recently issued Franc Foreign Bonds mostly marked down ¼ point, while Domestic issues held very steady.

The average yield of Swiss Federal Bonds fell to 4.42 per cent from 4.43 Thursday, the National Bank reported.

In the Foreign Sector less active Dollar stocks traded above Thursday night's New York close. Dutch Internationals edged lower apart from Unilever, which held steady.

Paris

French and Foreign stock prices showed a slight upward bias in what traders described as a technical session.

Operators were taking advantage of the new monthly trading account, which began Friday. Some market observers said they were disappointed by the more subdued tone, following the market's firmness on Thursday.

Advances outnumbered declines by two-to-one in the French section and by six-to-one among Foreign issues.

Tokyo

Slightly higher on scattered buying of "low-priced" issues, but Blue Chips were narrowly mixed in a market waiting for fresh factors.

The Market Average rose 20.06 to 8,563.12 on volume of 410m (320m) shares.

"Large-Asset" issues such as Railways, Warehouses and Shippings gained ground, but International Populars were neglected because of the lack of news. Steels and Shipbuilders were firmer.

Recent signs of recovery in the Shipping and International Grain Markets buoyed Shippings. Sanko Steamship moved up Y50 to Y245 and Yamashita-Shinnihon Y10 to Y153.

Non-Ferrous Metals, Optical Fibres and some House Builders were bought, but Trading Houses, Consumer Credit firms and Textiles eased.

Sanyo Electric improved Y12 to Y487—a broker said Sanyo has begun clinical testing of a new product which is to aid the diagnosis of cancer.

Australia

Sharply higher in active trading, due largely to the strength of the Oil and Gas sector.

The All Ordinaries Index rose 6.9 to 597.4, pushing the gain over the past five days to 31.2 and since the beginning of April to 92.1.

In Oil and Gas stocks, Vamgas rose 20 cents to A$7.90, Crusader 10 cents to A$5.20, Claremont 5 cents to 93 cents, Oil Company of Australia 3 cents to 45 cents and Woodside 3 cents to 95 cents.

In Resources, BHP put on 34 cents to A$8.44—BHP and its joint venturer Esso reported the Whiting One Exploration well flowed oil at a rate of 3,500 barrels per day during a recent production test.

Hong Kong

Steady on sporadic overseas support in the afternoon. Trading was fairly quiet and selective, while concern at a possible further rise in local interest rates kept most potential buyers on the sidelines.

China Light firmed 10 cents to HK$14.40 on a 16 cents (14 cents) second interim dividend for 1983.

Singapore

Narrowly mixed in active selective trading.

The Straits Times Industrial Index rose 5.82 to 917.91.

Hotels, Properties, Commodities and the Second Trading section were also mixed.

Johannesburg

Gold shares steady at their easier opening levels in line with the Bullion price, in quiet pre-weekend trading.

Diamonds and Platinums eased, while other Minings were quietly steady.

Industrials mixed.

Indices

NEW YORK — DOW JONES

	April 21	April 20	April 19	April 18	April 15	April 14	1983 High	1983 Low	Since Cmpil't High	Since Cmpil't Low
◆ Industr'ls	1188.27	1191.47	1174.54	1185.24	1171.34	1185.25	1191.47 (20/4)	1027.04 (5/1)	1191.47 (20/4/83)	41.22 (2/7/32)
H'me Bnds	75.94	75.95	75.95	75.97	75.58	76.26	76.57 (18/4)	70.76 (9/2)	—	—
Transport	531.15	531.56	525.41	529.78	523.84	525.90	531.56 (20/4)	434.24 (3/1)	531.56 (20/4/83)	12.32 (8/7/32)
Utilities	127.48	128.06	126.61	126.48	126.06	125.18	128.84 (3/3)	119.51 (3/1)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000-†	106,170	110,240	91,210	89,560	89,580	90,180	—	—	—	—

◆ Day's high 1202.11 (1197.56) low 1180.92 (1170.47)

	April 15	April 8	Mar. 31	Year ago (Approx)
Indust'l div. yield %	4.69	4.88	4.86	6.61

STANDARD AND POORS

	April 21	April 20	April 19	April 18	April 15	April 14	1983 High	1983 Low	Since Cmpil'n High	Since Cmpil'n Low
Indust'ls	179.17	180.06	177.75	178.84	177.74	177.14	180.05 (20/4)	154.95 (5/1)	180.05 (20/4/83)	3.62 (30/6/32)
§Comp's'te	160.05	160.71	158.71	158.74	158.75	158.11	160.71 (20/4)	138.34 (5/1)	160.71 (20/4/83)	4.40 (1/6/32)

MONTREAL

	April 21	April 20	April 19	April 18	1983 High	1983 Low
Industrials	392.79	392.80	387.15	385.79	392.80 (20/4)	331.18 (4/1)
Combined	386.07	386.44	380.81	380.86	386.44 (20/4)	325.12 (4/1)
TORONTO Composite	2312.6	2322.5	2278.5	2286.9	2322.5 (20/4)	1948.8 (4/1)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Chrysler	2,369,400	23⅞	+1⅝	Goodyear Tire	1,125,000	32½	+1¼
Archer-Daniels	1,305,100	22¾	+2	IBM	1,071,700	115	−⅛
Amer. Motors	1,566,900	7¼	+⅛	Sears Roebuck	1,043,700	38⅝	+¾
Contin'tal Cpn.	1,378,300	36	+⅝	Am. Tel. & Tel.	994,100	66½	−⅛
Southern	1,203,700	16⅝	+⅛	RCA	839,900	25¾	—

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Pound steady

Sterling showed little overall change in currencies markets yesterday. There was little in the way of new factors to stimulate much movement together with a general reluctance to take out fresh positions ahead of the weekend. Against the dollar sterling traded between $1.5440 and $1.5510 and closed at $1.5450-$1.5460, up 20 points from Thursday's close in London. It was slightly weaker against the D-mark at DM 3.7875 compared with DM 3.7925 and SwFr 3.1850 against SwFr 3.1875. It was also lower against the French franc at FFr 11.3450 from FFr 11.36 but improved against the Japanese yen to Y366.25 from Y365.0. Its trade-weighted index rose to 83.2 from 83.1, having stood at 83.1 at noon and 83.2 in the morning. The final calculation did not fully reflect sterling's weaker tendency towards the close.

The dollar was a little weaker against most currencies. Once again business was restricted by the proximity of the weekend and also recent intervention by the West German Bundesbank and the U.S. Federal Reserve Bank to restrict the dollar's recent firmer trend. Consequently the dollar fell to DM 2.4485 against the D-mark down from Thursday's close of DM 2.4555 and SwFr 2.0600 from SwFr 2.0630, and also FFr 7.34 from FFr 7.3625. It was a little firmer against the Japanese yen, however, at Y236.80 from Y236.40. On Bank of England figures the dollar's trade-weighted index fell from 122.6 to 122.4.

Trading within the European Monetary System was a little more subdued, with the D-mark benefiting from recent central bank intervention. Earlier this week it had been placed close to its lowest permitted level against the Danish krone, Irish punt and French franc.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.3662	45.0497	+1.54	+0.56	±1.5430
Danish Krone ...	8.04412	8.02647	−0.22	−1.21	±1.6419
German D-Mark	2.21515	2.25968	+2.01	+1.02	±1.0567
French Franc ...	6.79271	6.77775	−0.22	−1.21	±1.4018
Dutch Guilder ...	2.49587	2.54328	+1.90	+0.91	±1.4941
Irish Punt	0.71705	0.715780	−0.26	−1.25	±1.6696
Italian Lira	1386.78	1345.59	−2.97	−2.97	±4.1463

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Belgian rate is for convertible francs. Financial franc 78.05-78.15. Six-month forward dollar 0.61-0.56c pm. 12-month 0.77-0.62c pm.

THE DOLLAR SPOT AND FORWARD

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 49.20-49.30.

EXCHANGE CROSS RATES

	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling		11.345	3.185	4.265	2264.	1.897	75.45
U.S. Dollar		7.341	2.061	2.758	1458.	1.227	48.82
Deutschemark		2.995	0.841	1.125	595.1	0.501	19.92
Japanese Yen 1,000		30.98	8.696	11.64	6154.	5.178	206.0
French Franc 10		10.	2.807	3.757	1987.	1.672	66.51
Swiss Franc		3.562	1.	1.338	707.7	0.595	23.69
Dutch Guilder		2.662	0.747	1.	528.8	0.446	17.70
Italian Lira 1,000		5.033	1.415	1.891	1000.	0.841	33.47
Canadian Dollar		5.982	1.679	2.248	1189.	1.	39.78
Belgian Franc 100		15.04	4.221	5.649	2987.	2.514	100.

MONEY MARKETS

Heavy shortage

UK clearing bank base lending rate 10 per cent (since April 15 and 18)

Day to day credit was in short supply in the London money market yesterday. The Bank of England forecast a shortage of around £850m, later revised to £900m. Factors affecting the market included bills maturing in official hands and a net take up of Treasury bills −£477m, Exchequer transactions −£150m and a rise in the note circulation of £265m. Assistance in the morning came to £832m and comprised purchases of £100m of eligible bank bills in band 1 (up to 14 days) at 10 1/16 per cent and in band 2 (15-33 days) £39m of local authority bills and £164m of eligible bank bills at 10 per cent. In band 3 (34-63 days) it bought £16m of eligible bank bills at 9 15/16 per cent and in band 4 (64-91 days) £8m of Treasury bills and £41m of eligible bank bills (64-84 days) at 9⅞ per cent. The Bank also arranged sale and repurchase agreements on £464m of bills at 10 per cent, unwinding on May 25.

Further help in the afternoon came to £33m, making a grand total of £865m and comprised purchases of £5m of eligible bank bills in band 1 at 10 1/16 per cent, £10m of local authority bills in band 2 at 10 per cent and £18m of eligible bank bills in band 4 at 9⅞ per cent.

Weekend interbank money opened at 10¼-10⅜ per cent and rose to 10½ per cent before slipping back to 10 per cent. A high of 10⅝ per cent was touched in the afternoon before rates fell away to finish at 1 per cent.

LONDON MONEY RATES

Apr. 22 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	1-10¾	10⅜-10⅝	—	—	10-10½	8½-10¼	—	—	—
2 days notice	—	—	10⅛-10¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10¼-10 7/16	10⅛-10¼	—	—	10⅝-10¾	10-10⅛	—	—	—
One month	10⅜-10 5/16	10¼-10 5/16	10¼	11-10¾	10 5/16	10¾	9⅞-10	10 1/32	10 1/32-10 1/16	10 7/16
Two months	10 5/16 10 3/16	10⅛-10⅜	10¼	10¾-10⅝	10 5/16	10⅝	9⅞	9 15/16-9 31/32	9 15/16-9 31/32	10 13/32
Three months	10 5/16 10⅛	10¼-10⅜	10¼	10⅝-10¼	10⅝	10⅝	9¾	9 13/16-9 27/32	9 27/32	10 13/32
Six months	10⅛-10	10 3/16-10 5/16	10 3/16	10⅜-10	10 5/16	—	—	—	9 25/32-9⅝	10 7/32
Nine months	10⅛-10	10⅛-10 5/16	10 3/16	10½-10⅛	10 3/16	—	—	—	—	—
One year	10⅛-10	10⅛-10 5/16	10 3/16	10½-10⅛	10 5/16	—	—	—	—	—
Two years	—	—	10⅛	—	—	—	—	—	—	—

ECGD Rate Export Finance Scheme IV Average Rate for interest period March 2 to April 5 183 (inclusive): 10.974 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10¾ per cent; four years 10⅞ per cent; five years 11 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four months bank bills 9 23/32-9 25/32 per cent months trade bills 10 11/32 per cent.

Approximate selling rate for one month Treasury bills 9 9/32 per cent; two months 9 27/32-9⅞ per cent; and three months 9 25/32-9 27/32 per cent. Approximate selling rate for one month bank bills 10-10 1/32 per cent; two months 9⅞-9 31/32 per cent and three months 9 25/32-9 27/32 per cent; trade bills one month 10 5/16 per cent; two months 10 11/32 per cent and three months 10 7/32 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11½ per cent from April 1 1983. London and Scottish Clearing Bank Rates for lending 10 per cent. London Deposit Rates for sums at seven days' notice 6/ per cent.

Treasury Bills: Average tender rates of discount 9.7686 per cent. Certificates of Tax Deposits (Series 6). Deposits of £100,000 and over held one month 10⅞ per cent; one-three-months 10⅝ per cent; three-six-months 10⅝ per cent; six-12 months 10⅝ per cent. Under £100,000 10 per cent from April 8. Deposits held under Series 3-5 10⅝ per cent. The rates for all deposits withdrawn for cash 8 per cent.

EURO-CURRENCY INTEREST RATES

(Market closing rates)

OTHER CURRENCIES

Apr. 22	£	$		£ Note Rates
Argentina Peso...	112,061-112,261	72,440-72,490	Austria	26.60-26.90
Australia Dollar.	1.7780-1.7800	1.1505-1.1515	Belgium	75.65-76.40
Brazil Cruzeiro...	681.58 685.58	440.65-442.75	Denmark	13.45-13.58
Finland Markka..	8.4000-8.4200	5.4320-5.4340	France	11.30-11.40
Greek Drachma..	127.927 131.174	83.70-83.90	Germany	3.77-3.81
Hong Kong Dollar	10.533¼-10.561¼	6.8150-6.8250	Italy	2235-2270
Iran Rial	132.10*	85.10*	Japan	365-370
KuwaitDinar(KD)	0.450-0.452	0.2918-0.2919	Netherlands	4.24½-4.28½
Luxembourg Fr..	75.40-75.50	48.81-48.85	Norway	11.00-11.10
Malaysia Dollar..	3.5670-3.5720	2.3065-2.3085	Portugal	150-175
New Zealand Dlr.	2.3410-2.3460	1.5150-1.5175	Spain	201¾-217½
Saudi Arab. Riyal	5.3300-5.3425	3.4500 3.4510	Sweden	11.56-11.65
Singapore Dollar	3.2420-3.2470	2.0965-2.0985	Switzerland	3.17-3.20
Sth.African Rand	1.6860-1.6875	1.0910-1.0920	United States	1.53¾-1.55¾
U.A.E. Dirham	5.6720-5.6865	3.6715-3.6735	Yugoslavia	119-136

* Selling rates.

FT LONDON INTERBANK FIXING

11.00 a.m. APRIL 22

3 month U.S. dollars		6 months U.S. dollars	
bid 9 5/16	offer 9 5/16	bid 9 5/16	offer 9 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1983 High	1983 Low
Des. Coconut	£580	—	£500	£700	£510
Gas Oil Fut. May	$248.5	+5.5	$292.75	$277.5	$220
Jute LJA BWC grade	‡	—	£269	£240	£240
Rubber kilo	74.5p	−4.5	56p	80.5p	50p
Sago Pearl	£270w	—	£22 5	£270	£242
Sisal No. SL	$645	—	$640/650	$655	$620/650
Sugar (Raw)	£111w	+9	£125	£115	£95
Tapioca No. 1	£285w	−5	£220	£290	£255
Tea (quality) kilo	146p	−1	120p	155p	144p
(low med.) kilo	128p	−1	80p	125p	119p
Wooltops. 64s Warp	394p kilo	−6	401p kilo	409p kilo	372p kilo

‡ Unquoted. (g) Madagascar. (u) July. (v) June. (y) Sept. (z) May. (x) May-June. (w) April-May. § Ghana close.

LONDON OIL

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.75-29.00	+0.05
Iranian Light	28.00-28.40	+0.15
Arabian Heavy	26.20-26.40	—
North Sea (Forties)	29.45-29.75	−0.02
North Sea (Brent)	29.70-29.95	−0.02
African(Bonny L'ht)	28.85-30.30	−0.44
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	310-312	+5
Gas oil	255-257	+3
Heavy fuel oil	165-167	+1

GAS OIL FUTURES

Prices drifted lower in a quiescent market, reacting to weaker sentiment in New York and a quiet but somewhat softer physical market, reports Premier Mann.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
April	251.00	−	251.00-50.00
May	248.50	−1.75	249.75-47.75
June	246.25	−2.00	247.50-45.50
July	245.25	−2.00	246.25-44.25
Aug	247.00	−2.00	247.75-46.00
Sept	249.75	−2.25	250.00-48.00
Oct	251.75	−2.25	253.00-59.75
Nov	253.25	−3.75	255.00-53.25
Dec	255.75	−3.25	—

Turnover: 1,566 (2,549) lots of 100 tonnes.

GOLD MARKETS

Gold closed unchanged from Thursday's close in the London bullion market yesterday at $437-438. The metal opened at $436½-437½ and traded between a high of $437-438 and a low of $435-436. Buying interest picked up a little in the afternoon, following the opening of New York but volume remained at a very low level ahead of the weekend.

LONDON FUTURES

Month	Yest'rday's close	+ or −	Business Done
	$ per troy ounce		
April	—	—	456.20-55.50
May	438.00-39.0	−0.500	—
June	441.50-41.8	−0.550	441.70-39.40
July	444.50-45.2	−0.750	—
August	448.00-48.5	−0.400	448.00
Sept	451.00-52.0	−0.400	—
Oct	455.00-55.3	−2.200	—

Turnover: 882 (885) lots of 100 troy ounces.

	April 22		April 21	
Gold Bullion (fine ounce)				
Close	$437-438	(£282¼-283)	$437-438	(£283-283¾)
Opening	$436½-437½	(£282¼-283)	$438½-439½	(£283¼-284)
Morning fixing	$436.25	(£281.452)	$440.50	(£285.298)
Afternoon fixing	$437	(£282.300)	$439.50	(£284.503)

Gold Coins Apr. 22					
Krugrnd	$450¼-451	(£291½-292)	King Sov	$105-107	(£67-69½)
½ Krg	$239¾-240¾	(£155¼-155¾)	Victoria Sov	$105-107	(£67½-69)
¼ Krg	$122¼-123¼	(£79¼-79¾)	French 20s	$90-92	(£58¼-59½)
1/10 Krug	$50-51	(£32¼-33)	50 pesos Mex	$538-541	(£348¼-350¼)
Mapleleaf	$449-450	(£290¾-291¼)	100 Cor. Aust	$436-450	(£275½-278½)
New Sov	$103-103¾	(£66¾-67¼)	$20 Eagles	$570-580	(£369-375½)
½ New Sov	$62-63	(£40¼-40¾)			

REVIEW OF THE WEEK

Chinese buying boosts copper market

BY OUR COMMODITIES STAFF

COPPER VALUES advanced strongly on the London Metal Exchange this week following reports of some heavy buying by the Chinese, particularly at the lower price levels. The cash price of high grade copper closed last night £46.75 up on the week at £1,133.5 a tonne.

Traders estimated that total Chinese purchases could be close to 100,000 tonnes, but it is unclear how much will actually be taken off the market since the buying has been concentrated on three months forward delivery. At the end of last year the Chinese are believed to have sold back a large proportion of forward purchases on to the market when prices moved to higher levels, reaping a handsome profit.

Nevertheless, the Chinese buying gave an important pyschological boost to the market, which was showing *distinct signs of uncertainty* about the forecast recovery in the U.S. economy. As a result the market virtually ignored news that U.S. copper workers' union had agreed terms with Kennecott of new three-year labour contracts to replace the existing contracts expiring in June. It is expected this will provide a precedent for other companies to settle as well and thus avoid the threatened strike in June.

Helping the uptrend in copper and other base metals, was the firm trend in gold, silver and platinum. Silver was particularly strong, boosted by hopes of a rise in industrial demand as well as speculative interest. However, the market fell back yesterday with the bullion spot price losing 29.30p to 776p a troy at the morning fixing, still 14.15p up on a week ago.

Cocoa prices on the London futures market moved higher this week as fairly good physical demand compensated for the renewed steadiness of sterling. *The July quotation ended £40* up on the week at £1,278.50 a tonne.

Dealers said the market was held within a relatively narrow range with producers selling on price advances and manufacturers buying on declines. Hedging against producer sales were well absorbed, they added.

Renewed concern over the late arrival of African robusta shipments boosted nearby coffee prices yesterday and the July position on the London futures market reached £1,660 a tonne before closing up £18 on the day and £7 on the week at £1,629.50 a tonne.

Dealers were also concerned about port labour problems at Le Havre.

Sugar prices also moved higher although most fundamental news was bearish. The London daily sugar price rose to £114 a tonne before ending £9 up on the week at £111 a tonne.

Reduced export allotments at the weekly EEC tender in *Brussels were taken as an* indication of poor world demand while an increased European beet plantings estimated by West German statistician F. O. Licht, and an increased world 1982-83 crop forecast by London merchant C. Czarnakow also tended to reduce prices. On the other hand, there was increasing concern about weather damage to the Cuban crop and a Tate and Lyle decision to defer delivery of 100,000 tonnes of Thai sugar effectively meant this amount was being held off the market.

BASE METALS

ALUMINIUM

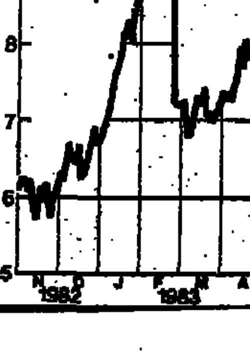
COPPER

NICKEL

TIN

SILVER

Silver was fixed 29.3p an ounce lower for spot delivery in the London bullion market yesterday at 775p. U.S. equivalents of the fixing levels were: spot $12.019, down 40.3c; three-month $12.277, down 40.7c; six-month $12.552, down 41.2c; and 12-month $13.086, down 41.4c. The metal opened at 780-782p ($12.06-12.10) and closed at 778-780p ($12.04-12.08).



LEAD

ZINC

COCOA

COFFEE

GRAINS

POTATOES

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

RUBBER

SOYABEAN MEAL

SUGAR

AMERICAN MARKETS

BECAUSE of the present time difference between the U.S. and Europe, this edition carries American market prices a day late. Normal services will resume on April 25.

NEW YORK

CHICAGO

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the five previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. △ Bargains done with non-member or executed in overseas markets.

CORPORATION & COUNTY

UK PUBLIC BOARDS

COMMONWEALTH GOVT.

FOREIGN STOCKS

CORPORATIONS—FOREIGN

BANKS, DISCOUNT

BREWERIES

Bass Inv 7¼pcLn 1992-97 £70
Bell (Arthur) and Sons 5½pcPf (£1) 48 (15/4). 7¼pcDb 1986-91 £78 (19/4)
Boddingtons Breweries 4pcDb £33½. 9½pc Ln 2000-05 £163
Bulmer (H.P.) Hldgs 9½pcPf (£1) 113
Devenish (J.A.) 515 (20/4). 5½pcPf (£1) 48 (15/4)
Distillers 5½pcLn £43 4¼. 7¼pcLn 1988-1993 £71¼. 10.5pcLn 1993-98 £90¾ 1¼
Eldridge, Pope 4pc1stMtgDb £30
Everards Brewery 5pcPf (£1) 44
Greenall Whitley 8pcPf (£1) 104 5. 7¼pc

COMMERCIAL, INDUSTRIAL

A—B

Bifurcated Engineering 8pcPf 91-93 (Nil pd) 60 5 70 5 8
Birmid Qualcast 7½pcLn 87-92 £61
Blackwood Hodge 6pcPf (£1) 37 (18/4). 9pcLn 85-90 £77 9 (20/4)
Blue Circle Inds 5¼pcDb 84-2009 £51¼. 6pcDb 88-93 £70¼ (19/4). 7pcDb 88-93 £75¼. 9pcDb 92-97 £85½. 10¼pcDb 94-99 £91 (20/4). 6¼pcLn £48½
Blundell-Permoglaze 6½pcPf (£1) 46
Boardman (K. O.) Inter 5½pcPf (£1) 23 (18/4)
Boot (H) 4.2pcPf (£1) 45½ (18/4)
Boots 7¼pcLn 88-93 £78¾ 9½
Boulton Paul 5pcPf (£1) 31 (15/4)
Bowater Corp 5½pcPf (£1) 51½ 2 (20/4). 3¼pcDb 1997 £52. 7pcLn 92-97 £61½ (20/4)
Bowater Newfoundland 4½pcPf (£1) 35½ (19/4)
Bowthorpe 7pcLn 90-95 £58 (20/4)
Braime 60 (18/4). A NV 54 (20/4)
Bridon 6¾pcLn 2002-07 £54 (19/4). 7¼pcLn 2002-07 £62 (18/4)
Bridport-Gundry 6pcPf (£1) 41¼ ½
Bright (J.) 8pcLn 88-93 £77
Bristol Stadium (5p) 72 (15/4)

C—D

E—F

G—H

Hill & Smith Hldgs 14pc1stDb 2000-03 £95½ (20/4)
Hoechst DM 50 (Cpn 43) £38½ (19/4)
Hoover 123
Hopkinsons Hldgs 5.25pcPf (£1) 56 ½ (18/4)
Horne Bros 7¼pcLn 1996-2000 £67¾ (20/4)
House of Fraser 4½pcPf (£1) 34 (20/4). 6pcLn 1993-98 £58½. 8¼pcLn 1993-98 £74½ ¼
Howard & Wyndham (20p) 4. N-V (20p) 3. 18pcLn 1976-91 £94
Humphries Hldgs 43 4 5 ½ 7½
Hunslet (Hldgs) 345

I—J—K

L—M

N—O—P

Q—R—S

Superdrug (10p) 255 7½ 8½ 8 9 60
Suter Old (5p) 39 (19/4). 9¼pc Cnv Sub Ln 1995-2000 £95 6 8 100½ 1 2
Swan (John) 125
Swire (John) 6.3pc Prf (£1) 83 (15/4)
Symonds Engr (5p) 10 (19/4)

T—U—V

TACE 40pc Pfd (10p) 31 (20/4)

W—Y—Z

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

Scottish Mercantile 7½pcPf (£1) 53 (19/4)
Scottish Eastern 4¼pcPf £41 (19/4). 12½pcDb 2012 £106½ ¼ ¼ (15/4)
Scottish Mortgage 4pcPf £33. 5½pcPf £46½
Scottish National 6pcPf (£1) 54½ (18/4)
Scottish Northern 4¼pcPf £430
Scottish United 4¼pcDb 1972-85 £88 (15/4)
Secs Tst Scotland 4½pcPf £40 (19/4)
Stockholders 4½pcPf £42 (15/4). 5pc1st Db 1985-90 £69¼
TR Australia Wts 89. 7pcDb 1997-2002 £63 (20/4)
TR City of London 6pc2ndPf (£1) 51 ½

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATER WORKS

UNLISTED SECURITIES MARKET

Radio City A NV 158
Rivlin (5p) 32½ 3 ½ 4
Television South 14.20pcLn 86-88 £109
Thorpac (5p) 70 (20/4)
United Friendly Insurance B (10p) 224 (15/4)
VW 36½ 7
Wiltaire Systems 3½ 4 (19/4)
Yelverton Inv (5p) 68 ½ 70 1½ 1 ½ ½ 2½ ½ 3½
Yorkgreen Inv (10p) 38 7 8 ½ ½ 9½ 9 40½ 40 ½. New (10p) (FP) 37 8 9 40

RULE 163 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aberfoyle 699 (18/4)
Acmex 38 (18/4)
Acorn Secs 138 40 2
Aeci 500 (20/4)
Aetna Life and Casualty £25¼ (15/4)
Agnico Eagle Lines 995
Alliance Oil Devpt Aust 440 4
Allstate Expl 28 (20/4)
Amerada Hess US$26¼ (15/4)
American Elec Power £10½◆ (20/4)
American Home Products £33¼◆ ½ (18/4)
Ampol Expl 106
Ampol Petroleum 90
Amsterdam Rotterdam Bank £14.2
Anglo Utd Devpt 75 83 (20/4)
Apex Oil (A$0.25 pd) 8 (18/4)
Apple Comp £33¼
Ashton Mining 88
Asia Oil and Mins 9½
Asia Manganese Mines of SA £45½ (20/4)
Atlantic Richfield £29
Australian Cons Minerals 18½ 19 ½ 20 ¼ ½ 4
Australian Devpt 26◆
Avnet US$38½◆ ½ (19/4)
Aztec Expl 18 (18/4)
Balmoral Res 17½ 18 ½ ¼ ¾ 1◆
Banner 57◆ (18/4)
Basic Res Intnl 55 (20/4)
Bato Kawan Berhad 112 (19/4)

Williams £14¼◆ ¼ (18/4)
Woolworths 112
Zane Petroleum 245

RULE 163 (2)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

Adnams B (£1) £13.00 30 (20/4)
All England Lawn Tennis Grnd £50 Dbs 1981-85 £7,200 25 (19/4)
Amal Metal (£1) 180 90 (15/4)
Anglo Am Agriculture 37 40 (15/4)
Ann Street Brewery (£1) 400 5 (19/4)
Biotechnology Inv US$0.02 725 75 810
British Uralite (10p) 2½ 3 (20/4)
Cannon St Inv (20p) 3
Carraun (10p) 25 ¼ 26
Cedar 10.25pcDbs 1991-96 £80½ ¼
Central Equip B (£1) 415 20 5
Channel Hotels and Props (10p) 15 6 (20/4)
Checkpoint Europe 449 50 61 4 (19/4)
Church Army Hsg Soc 2½pcLn £9
CIC Inv (1p) ¼ 1¼
Comcl Bank of Wales (£1) 80 3 5 (15/4)
Dawson (Wm) (10p) 287 8½ (19/4)
Gibbs (M) 246 7½
Greater Manchester Indpndt Radio A (10p) 84 5 (18/4)
Guernsey Gas Light 3½pcDb £30 £20
Heart of England Bldg Soc 11½pcBnds due 7/3/84 £100.27 .275 (20/4)
Inv Tst Guernsey 5pcPf (£1) 35 (19/4)
Island Garages (10p) 15¼ ½ (19/4)
Jennings Bros 6½pcPf (£1) 50 4 (19/4)
Jersey Elec 5pcPtPf (£1) 46
Jersey Gas (£1) 200 (20/4)
Jersey Gas 3pcPtPf (£1) 20 (20/4)
Jersey Gas 5pcAPf (£1) 34 (20/4)

Southern Newspapers (£1) 198 9 200 ½ (20/4)
Stead and Simpson 4½pcDb 1989 £33 6 (19/4)
Taddle Invs (10p) 48 ½ 9
Taddle Invs New (10p) 50 ⅛ (19/4)
Weetabix A (non-vtg) 62½ 3½ 4 (15/4)

RULE 163 (3)

Dealings for approved companies engaged solely in mineral exploration.

Kenmare Oil Exp Ir3
Conroy Pet and Natural Res Ir70 4 (19/4)
Pennine Res 24

(By permission of the Stock Exchange Council)

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$400	5	43	—	—	—	—	$437
GOLD C	$425	8	22	—	—	—	—	"
GOLD C	$450	10	6.50	47	24	9	37.50	"
GOLD C	$475	24	3	21	15	68	29 B	"
GOLD C	$500	117	1.50	6	10	115	22	"
GOLD C	$550	51	1	—	—	—	—	"
GOLD P	$400	2	2	32	8 A	95	12	"
GOLD P	$425	102	6	4	15	—	—	"
GOLD P	$450	3	19	—	—	—	—	"
		June		Sept.		Dec.		
SILV C	$10	—	—	—	—	5	4.39	$12.11
SILV C	$11	—	—	—	—	1	3.40	"
SILV C	$12	20	1.40	49	1.85	—	—	"
SILV P	$10	—	—	7	0.60	—	—	"
		July		Oct.		Jan.		
AKZO C	F.40	3	17 A	—	—	—	—	F.56.40
AKZO C	F.50	37	8	52	8.70	—	—	"
AKZO C	F.55	43	5.20	2	7	5	9	"
AKZO C	F.60	154	3.60 A	72	5.20	5	6	"
AKZO C	F.65	79	2	35	3 B	26	4	"
AKZO P	F.45	28	0.70	1	1.30	—	—	"
AKZO P	F.50	15	1.80	8	3.20	—	—	"
AKZO P	F.55	254	4.50 B	2	5	—	—	"
AKZO P	F.60	115	7	—	—	—	—	"
KLM C	F.100	4	47	—	—	—	—	F.147.30
KLM C	F.120	3	28	—	—	—	—	"
KLM C	F.130	4	18.60	—	—	—	—	"
KLM C	F.140	5	12.70	—	—	—	—	"
KLM C	F.150	11	8.50	5	15.50	—	—	"
KLM C	F.160	14	4.80	9	10.80	—	—	"
KLM C	F.170	54	2.50	—	—	—	—	"
KLM P	F.130	7	4.50	—	—	—	—	"
KLM P	F.140	5	6.70	14	12.50	—	—	"
KLM P	F.150	2	12 A	3	17.50	—	—	"
PHIL C	F.27.50	16	18	—	—	—	—	F.45.60
PHIL C	F.30	32	15.60	—	—	—	—	"
PHIL C	F.32.50	28	13.10	30	13.10 B	—	—	"
PHIL C	F.35	17	10.80 B	56	10.60 B	—	—	"
PHIL C	F.40	440	6.30 A	156	7.90	—	—	"
PHIL C	F.45	916	3.80	275	5.60	28	6.50 B	"
PHIL C	F.50	958	2.10	291	3.70	149	4.70	"
PHIL P	F.25	10	0.10	—	—	—	—	"
PHIL P	F.32.50	10	0.10	20	0.60	—	—	"
PHIL P	F.35	134	0.40	—	—	—	—	"
PHIL P	F.40	309	1.30	191	2	—	—	"
PHIL P	F.45	222	3.10	15	3.80	5	6	"
PHIL P	F.50	236	6.90 A	—	—	3	7.20	"
RD C	F.90	13	26.50	—	—	—	—	F.114.60
RD C	F.100	57	15.50	37	168	—	—	"
RD C	F.110	196	7.90	161	9	17	10.50 B	"
RD C	F.120	117	3.40	105	4.80	21	6.40	"
RD P	F.90	5	0.60	5	1.30	—	—	"
RD P	F.100	49	1.20	45	3.20	—	—	"
RD P	F.110	48	3.90	48	7	11	8	"
RD P	F.120	34	10	—	—	10	15	"
UNIL C	F.190	15	27	—	—	—	—	F.217.50
UNIL C	F.200	8	19	4	21.50	—	—	"
UNIL C	F.220	35	8.40	—	—	—	—	"
UNIL C	F.240	70	3.20 B	10	5.40	—	—	"
UNIL P	F.190	—	—	20	3.90	—	—	"
UNIL P	F.200	21	4.70	1	7	—	—	"
		May		Aug.		Nov.		
12¾ NL 81 87-91								
C	F.125	5	5	—	—	—	—	F.130.30
C	F.130	—	—	3	1.80	30	2.60	"
C	F.135	10	0.10	—	—	20	1.10	"
P	F.125	—	—	20	0.70	—	—	"
P	F.127.50	305	0.50	226	1.80	—	—	"
P	F.130	—	—	3	3	23	3.60	"
11¼ NL 82 88-92								
C	F.112.50	—	—	30	2.60	—	—	F.114.20
C	F.115	—	—	340	1.10	—	—	"
P	F.115	—	—	18	2.30	—	—	"
7¾ NL 82-11 89-93								
C	F.97.50	—	—	—	—	20	2.20	F.98.20
C	F.100	—	—	100	0.60	—	—	"
7½ NL 82 87-90								
C	F.100	—	—	—	—	150	0.90	F.97.50

TOTAL VOLUME IN CONTRACTS 10,638

A=Asked B=Bid C=Call P=Put

Authorised Units—continued

Brewin Cap 75.2 79.2 1.26
Lawson Fund Managers Ltd (a) (c) (g)
43 Charlotte Sq, Edinbgh 2. 031-225 6001
Aust & Pac* 7.8 8.3 0.70
High Yield‡ 20.3 21.3 10.25
Do Accum‡ 20.6 21.6 10.25
*Dealing Thurs. ‡Dealing Fri.

MGM Unit Managers Ltd
MGM House, Heene Road, Worthing. 0903 8211
High Inc 120.0 129.0xd −0.5 6.13
(Accm Uts) 121.7 130.8 −0.5 6.13
UK Growth 115.8 124.6xd +0.1 2.56
Accum Uts 116.1 124.9 2.56

MLA Unit Trust Management Ltd
Old Queen Street, SW1A 9JG. 01-222 8576

Insurances—continued

Offshore and Overseas—continued

Philippine bank plans $167m borrowings

By Emilia Tagaza in Manila

THE STATE-OWNED Development Bank of the Philippines (DBP) will this year borrow US$100m from U.S. banks and $42m from Japanese banks. It will also raise $25m in the Japanese bond market.

Mr Cezar Zalamea, DBP chairman, made the announcement in connection with the planned shift by the bank from development financing to expanded commercial and international banking.

The plan was disclosed earlier by Mr Cesar Virata, the Prime Minister. He said DBP would be authorised to accept demand deposits, open letters of credit and undertake all functions inherent in full banking operations. At present, it may accept only savings and time deposits and cannot provide import or export financing.

DBP will have to tap external fund sources because the Government has decided to reduce its equity contributions to all financial institutions, in line with the programmed reduction of the budgetary deficit from 13.2bn pesos ($1.37bn) last year to 9.4bn pesos this year and 8.8bn pesos next year.

Last year, the Treasury failed to provide a capital infusion of 500m pesos, authorised by a decree issued by President Ferdinand Marcos. The pinch on DBP was aggravated by the fact that government revenue expectations did not materialise and the Treasury was forced to utilise a substantial portion of its cash balances. This meant withdrawal of deposits in, among others, DBP.

According to Mr Zalamea, the U.S. loan is being raised by a syndicate led by Bankers Trust Company, Chartered Bank, Chase Manhattan Bank, Chemical Bank and Citibank. The Japanese banks involved have not yet been named.

BSN increases payment as profits move ahead

BY PAUL BETTS IN PARIS

BSN-Gervais Danone, the French group which has successfully moved out of the glass-making business to concentrate on food processing, has maintained a strong rate of profit growth with a 29 per cent rise in net earnings to FFr 574m ($82m) for 1982.

As a result the dividend is going up from FFr 45 a share to FFr 50.

Sales rose to FFr 21.9bn from FFr 19.3bn in 1981. The company's various divisions all showed profit increases with the exception of packaging.

The drinks business, the largest single component in the group's profits advanced from FFr 155m to FFr 201m last year. Fresh food products also showed an impressive profits increase, from FFr 58m to FFr 104m. Dried food products advanced from FFr 109m to FFr 126m.

The parent company reported a net profit of FFr 176.25m compared with net earnings of FFr 153.4m the year before.

The company has set aside depreciation allowances totalling FFr 144.8m, compared with FFr 128.8m a year earlier.

● Schneider's parent company net profits were FFr 344m in 1982, against a loss of FFr 293m.

Profits include FFr 454.6m of capital gains on disposal of shares.

Japanese brokers' results mixed

BY OUR FINANCIAL STAFF

JAPAN'S securities houses report mixed results for the six months ended March, with three of the big four producing higher profits in contrast to a setback at Nikko Securities.

In general, revenues from bond operations and share transactions rose, reflecting high turnover levels, the yen's strengthening against the dollar and firmer stock prices in Japan.

Daily average turnover on the Tokyo Stock Exchange rose by 44 per cent to 384m shares from 266m shares in the preceding April-September period.

Consequently, receipts of commissions on stock transactions by the four companies reached Y176.3bn, or 75 per cent of the total commissions for the previous full year.

At Nomura, Japan's largest brokerage, unconsolidated net income rose by 14.3 per cent to Y22.37bn ($94m) from Y19.57bn a year earlier. Earnings per share rose to Y14.02 on 1.59bn outstanding shares from Y12.63 on 1.55bn outstanding shares a year earlier. Revenues rose by 26.8 per cent to Y155.631bn.

Daiwa's unconsolidated net income rose by 11 per cent to Y11.23bn from Y10.12bn. Revenues rose by 19.1 per cent to a first-half record of Y98.86bn from Y81.33bn. Earnings per share rose to Y12.32 from Y11.66.

Nikko's unconsolidated net income fell by 21.1 per cent to Y8.89bn from Y11.26bn. Earnings per share slipped to Y7.85 on 1.13bn outstanding shares from Y10.44 on 1.07bn outstanding shares.

Yamaichi's unconsolidated net income rose by 5.7 per cent to Y8.29bn from Y7.847bn a year earlier. Earnings per share rose to Y9.68 on 857m outstanding shares from Y9.61 on 816.2m outstanding shares. Revenues rose by 9.5 per cent to a first-half record of Y78.51bn from Y71.68bn.

Amfas forced to reduce dividend

By Our Financial Staff

AMFAS, the Dutch insurance group, has cut its dividend by two-thirds following heavy losses for 1982.

The company, which has been hit by major provisions in its property division, has run up a loss of Fl 68.4m ($35m) at the net level, having forecast a deficit of around Fl 60m. In 1981 Amfas made a net profit of Fl 43m.

As a result of the setback, shareholders are to have their dividend reduced to just Fl 2.40 a share by the absence of a final payment. In 1981 an interim dividend of Fl 2.40 was followed by a final of Fl 4.80.

Reversing earlier expectations of another big loss in 1983, Amfas now says it hopes to move back to some sort of profit in the current 12 months—although it "will take some time to reach the profit levels of earlier years."

Last year's move into the red arose from provisions against real estate and non-life insurance activities, Amfas said yesterday. The life side had again been favourable.

Amfas, which has diversified away from insurance in recent years, is Holland's sixth largest insurance group.

Canada go-ahead for Bell reorganisation

BY ROBERT GIBBENS IN MONTREAL

THE CANADIAN Government has dropped its objection to Bell Canada's corporate reorganisation and the company will set up a new umbrella holding company called Bell Canada Enterprises.

After nearly nine months of studies and litigation, the Government, which indirectly regulates Bell's telephone service business through the Canadian Radio, Television and Telecommunications Commission *(CRTC) said the reorganisation* should go ahead because it will help the company to compete more effectively.

Bell Canada, based in Montreal, operates most of the eastern Canada telephones systems and has 80 subsidiaries, including Northern Telecom, Canada's largest telecommunications equipment maker.

Earlier it successfully argued in the Quebec Court of Appeal that the CRTC had no jurisdiction over its reorganisation though it did regulate the telephone service business. The Government will not take its case to the Supreme Court and says it will act legislatively to tighten the CRTC supervision and prevent Bell owning a broadcast or cable licence.

Bell Canada Enterprises will hold 100 per cent of the existing Bell telephone service business plus Bell's interests in the 80 subsidiaries. Existing Bell Canada shareholders will swap their shares for BCE shares one-for-one and will have the same dividend rights.

The telephone service business will continue to be regulated by the CRTC, on a return-on-equity formula, while non-telephone service activities will be free from regulation. Earnings from non-regulated activities will no longer support the regulated telephone business.

HK dealer appeals over loss of registration

BY ANDREW FISHER IN HONG KONG

MR PETER SCALES, a Hong Kong securities dealer and leading figure in the colony's financial community, has lodged a formal appeal against the revocation of his dealing registration. He said the withdrawal of his registration by Mr Robert Fell, the Securities Commissioner, was "too severe, wrong in principle, and ought not to have been imposed."

Mr. Fell's decision, announced at the end of March, was based on alleged misconduct in a brokerage firm called Wustock Brokers, which is owned by Mr Scales and his wife, Mrs May Wu Scales. Her registration was suspended until the end of this year.

Following the revocation of his registration, the Hong Kong Commodities Exchange pressed Mr Scales to step down as chairman and a director. The removal of his registration was not linked to any business done in commodities, but the exchange wanted to remove any association with the events causing the revocation.

The transactions over which Mr Scales lost his registration took place with Kai Fu, a stockbroking and commodities concern owned by Mr William Wong. Both sides have legal actions pending against each other. Kai Fu had a temporary association with Wustock up to January this year.

The Securities Commission said Wustok passed clients' securities to a third party without adequate safeguards.

Stockholm halts share trading for seven days

By David Brown in Stockholm

STOCKHOLM'S stock exchange will suspend all share trading for seven days starting April 29 because of a growing log-jam within the exchange's clearing system.

Mr Bengt Gronqvist, president of the exchange, said the accumulation of unsettled business had become "tremendous" following the upsurge in share prices this year.

The main Stockholm bourse index has grown by more than 50 per cent since January, and trading volume has been running at 3½ times that of the corresponding period of las year, Mr Gronqvist said.

"If we continue at this rate, we'll have a yearly volume equivalent to between 40 and 45 per cent of London's." London trading volume in 1982 was $32bn, compared with Stockholm's $4.3bn, according to Capital International.

This puts a "considerable strain" on the system, which has been aggravated by hitches in a new computer system installed over the Easter break to handle the turnover, Mr Gronqvist said.

The exchange's central securities registry is required to deliver a share certificate to new owners before a transaction can be settled. The registry's delivery time is at present running at double the official six-day period.

Apart from periods during World War II, the last time trading was halted for this length of time came during the so-called Krueger crash, named after the Swedish tycoon, Ever Krueger, who committed suicide in Paris after the collapse of his empire in the 1930s.

The suspension runs between April 29 and May 6, as well as on May 13. All trading will be closed on April 29, May 2 and May 13.

Losses mount at Luxembourg steel group

ARBED, the Luxembourg steel group with interests throughout Europe, has incurred losses amounting to more than LuxFr 20bn ($408m) since the start of the steel crisis eight years ago, writes Paul Cheeseright in Brussels.

Losses last year were LuxFr 4.3bn after a deficit of LuxFr 3.2bn in 1981, Mr Emmanuel Tesch, the president, told shareholders yesterday.

The high losses were partly caused by heavy write-offs and the high level of interest rates. Financial charges accounted for 9.5 per cent of earnings.

The group's future is tied in with the general restructuring of the European steel industry, but Mr Tesch noted that despite the group's preference for collaboration with other companies over major investment in new plant, talks with unspecified French companies had so far led nowhere.

The i[illegible]ediate future is not encouraging. Production during the first quarter was 26 per cent lower than in the 1982 first quarter and Mr Tesch thinks that the overall demand for steel is not likely to pick up until the last quarter of the year.

The main problem now, he said, is not price levels but production levels.

On Tuesday the Luxembourg Government will hold talks with the group and the unions on the group's finances, involving state help and wage levels. Arbed accounts for some 40 per cent of Luxembourg's exports.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard EC4P 4DX 01-236 1833

High Income				
Gilts & Fixed Int.	113.7	120.3	-0.2	10.41
High Inc Equity	48.3	51.9		7.21

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)
Salisbury House, 31, Finsbury Circus, London EC2
01-638 0478/0479 or 01-588 2777
Britannia Viewpoint 01-673 0048

UK Specialist Funds				
Assets	143.9	155.1	-1.0	3.92
Recovery	53.8	58.0	+0.5	3.02
Smaller Cos.	81.3	87.7	-0.3	2.00
Spec. Mkt. Sits.	74.3	80.1	-0.7	1.36
UK Blue Chip	51.1	55.1	-0.4	3.12

Duncan Lawrie Fnd. Mgrs. (g)
1, Hobart Place, London SW1W 0HU. 01-245 9321

Henderson Administration (a) (b) (c)
Premier UT Admin, 5 Rayleigh Rd, Hutton, Brntwd.

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St Mary Axe, EC3A 8BP. 01-920 0311

National Westminster (a)
161, Cheapside, EC2V 6EU. 01-726 1999

Save & Prosper—continued

Overseas Funds (z)				
Europe	134.1	144.3	+3.2	1.06
Japan	164.2	176.7	-0.7	0.54
S.E. Asia	76.4	82.2	-0.3	1.16
U.S.	211.2	227.3		0.53
Sector Funds				
Commodity	154.0	165.7	-1.3	1.91
Energy	123.1	132.5	-0.7	2.42
Exploration Fund (z)	34.7	37.3	-0.1	0.23
Financial Secs.	138.5	149.0	-0.3	2.70
New Technology (z)	84.0	90.4	+0.2	0.23

Tyndall Managers Ltd. (a)(b)(c)
18, Canynge Road, Bristol. 0272 732241

Australian Securities	53.6	57.7	+0.6	2.25
(Accum. Units)	53.6	57.7	+0.6	2.25
Capital	207.8	222.4	+1.4	3.32
(Accum. Units)	339.0	362.8	+2.4	3.32
Exempt	164.2	176.6	-0.4	7.64
(Accum. Units)	313.8	337.4	-0.6	7.64
Far Eastern	93.8	100.7	+0.2	1.30
(Accum. Units)	97.3	105.5	+0.2	1.30
Fin & Prop.	29.6	31.9	-0.1	3.63
(Accum. Units)	42.4	45.6	-0.1	3.63

INSURANCES

MARKET REPORT

Equities change direction again and index closes week 7.5 down but 13 points up on fortnightly Account

Account Dealing Dates

Options

*First Dealings	Declarations	Last Dealings	Account Day
Apr 11	Apr 21	Apr 22	May 3
Apr 25	May 5	May 6	May 16
May 9	May 19	May 20	May 31

* "New-time" dealings may take place from 9.30 am two business days earlier.

Another swift change of direction yesterday left investors puzzling over the immediate outlook for London equity markets. The confidence prevailing early last Monday, when the FT Industrial Ordinary share index seemed poised to break through the 700 barrier evaporated quickly over the two following days only to return with a vengeance on Thursday and then falter again yesterday.

A cool financial Press reception of Thursday's upsurge, which in index terms equalled the second largest rise this year, and technical considerations were blamed for the reaction yesterday, the final session of the two-week trading Account. Lack of follow-through U.S. investment support for current favourites ICI and Glaxo, and end-year influences—three jobbing firms completed their financial periods yesterday — were also dampening influences.

Institutional investors were reluctant to commit fresh funds and renewed profit-taking depressed Glaxo and ICI, although both closed above the worst. The unresolved Cowley washing-time dispute also caused some uncertainty, but revived demand after the official close generally reduced losses and the fall in the FT 30-share index. Down 6.8 at 3 pm, the index ended a net four points down for a loss on the week of 7.5 at 688.0; on the Account, however, it was 13 points up

Overshadowed throughout the week by the events in equities, Gilt-edged markets slipped lower with the accent on longer-dated maturities. Considered to be bereft of scope for improvement until America follows cheaper UK money trends and with many investors having switched funds to other areas, resumed scattered selling found the longer end of the market thin and uncertain. The result was falls ranging to ⅝ in selected high-coupon stocks. These contrasted with only minor losses among near-medium and short-dated issues. Sentiment was little affected by last year's PSBR overshoot or confirmation of the year-on-year inflation rate of only 4.6 per cent, a 15-year low.

Zimbabwe Settlement Annuities attracted further support and rose 10 points more for a rise on the week of 34 points to £355.

Minet dip and rally

The threat of a Lloyd's of London ban if St Paul of the U.S. increases its stake in the company to over 25 per cent unsettled Minet which dropped to 124p before closing only 2 easier on balance at 132p. Elsewhere in a quietly dull Insurance sector, Sun Life lost 13 making a two-day fall of 33 to 470p after comment on the results. Pearl relinquished 10 to 628p and Hambro Life 6 to 360p. Composites gave ground with recently-favoured Sun Alliance closing ⅜ off at £11¾. Phoenix lost 8 to 322p while Eagle Star, 403p, and General Accident, 423p, cheapened 7 apiece.

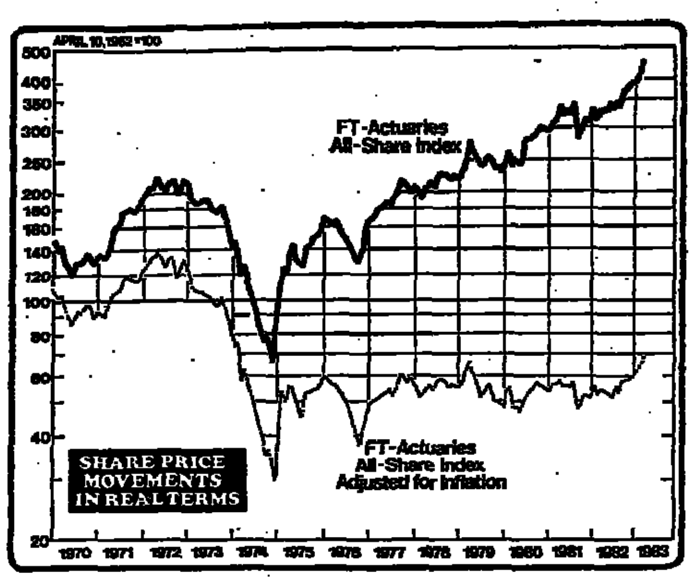
Interest was at a low ebb in the banking sector. The major clearers closed mixed with Lloyds firming 5 to 520p following the AGM and Midland giving up 4 to 373p. Reflecting firm domestic advices, German issues fared well, Commerzbank putting on 30 to 875p and Deutsche moving up 1¾ points to £90¾.

Lorlin Electronic, which started trading in the Unlisted Securities Market last Tuesday, attracted fresh support and put on 10 to 130p; the placing price was 80p.

Buildings drifted back on scattered offerings in the absence of fresh support but some steadied after the official close and ended above the worst. Blue Circle finished 5 off at 475p, after 470p, while Tarmac, down to 430p early on, picked up to close without alteration at 436p; both companies have preliminary results due in the next Account. Barratt Developments succumbed to fresh selling on talk that a broker had downgraded profit estimates following a lunch with the company and the shares touched 494p before closing a net 4 down and 32 lower on the week at 498p. Further consideration of the annual results left F. J. C. Lilley 8 cheaper at 214p. On the other hand, buying ahead of the annual results, due shortly, lifted Travis and Arnold 12 to 330p.

After Thursday's leap of 32 on the chairman's optimism about first-quarter trading, figures due next Thursday, ICI encountered profit-taking and came back to 456p before picking up again in the late dealings to close 8 down on balance, but 24 higher on the week, at 460p. Elsewhere in the Chemical sector, Novo Industries B rose 7½ points to £174½.

End-Account profit-taking prompterd quietly dull conditions among the major Stores. Woolworth, at 268p, lost 9 of the previous day's jump of 22 which followed the better-than-expected results and accompanying optimistic statement. British Home dipped 6 to 221p and Gussies A relinquished 5 to 565p. Marks and Spencer softened a couple of pence to 209p. UDS closed a penny harder at 135p: the offer from Hanson Trust has been declared unconditional with over 62 per cent acceptances.



Still reflecting comment on the results, W. H. Smith A gave up 6 more to 246p. Allebone, on the other hand, gained 2½ to 26½p in response to the profits recovery and resumption of dividend payments. Mellins attracted revived speculative support and gained 8 to 168p.

Lee below best

Lee Refrigeration jumped to 235p before closing 18 up at 223p on the announcement that the full final dividend has been reinstated following institutional pressures. Arlen continued to go from strength to strength, closing a further 22 up and 80 better on the week at 377p following persistent buying fuelled by hopes of large orders for the company's new long-life starter for flourescent lamps. United Scientific gained 13 to 411p in a thin market and Farnell improved 5 to 280p; the latter's results are due next Tuesday. GEC moved against the trend among the leaders, closing 8 to the good at 238p with sentiment helped by news of the £25m RAF contract for its Marconi subsidiary.

Interest in the Engineering leaders slackened considerably, but late support lifted TI 8 more to 172p, while GKN, down to 158p initially, rallied to finish a penny firmer on balance at 162p. Hawker reacted a couple of pence to 388p, but still recorded a gain of 16 since Wednesday's announcement of the preliminary figures. Spirax-Sarco fell 8 to 208p on the proposed £16.6m rights issue, while Blackwood Hodge fell 5 to 19p following the bigger annual loss and passing of the final dividend. Dealings in Aurora were temporarily suspended at 8p: the company announced yesterday that it proposes to seek a capital reconstruction. Renold eased 2 to 33p on news that the company is about to announce a major restructuring programme. In contrast, Babcock met further support and put on 5 more to 165p and Simon Engineering gained 6 further to 431p. A late speculative flurry accompanied by bid rumours left Delta 3 to the good at 57p while Barton Group rose 5 to 42p on news that discussions are taking place with Caparo which may lead to offer worth 42½p.

Leading Foods encountered selling in the early trade, but subsequently began edging off the bottom in places. Cadbury Schweppes ended without alteration at 112p, after 110p, but Rowntree Mackintosh, which announced its biggest-ever acquisition earlier in the week, finished 6 down at the day's lowest of 232p. Unigate, a couple of pence cheaper at one stage, picked up in the late dealings to close a penny dearer on balance at 102p. Outside of the leaders, Bio-Isolates encountered selling and dipped to 190p before settling a net 20 down at 200p, but Danish Bacon A, a depressed market earlier in the week on poor figures, rallied 6 to 60p.

Glaxo lead retreat

End-Account profit-taking in the wake of cautious comment reversed the recent heady advance in miscellaneous industrial leaders. Recent star performer Glaxo led the retreat with a fall of 57 to 883p, after 875p. Reckitt and Colman declined 12 to 408p and Unilever 8 to 807p. Secondary issues were featured by a fall of 30 to 360p, after 335p, in London and Liverpool Trust following adverse television publicity given to the proposed Telejecter/Football League deal. Bellair Cosmetics, on the other hand, rose 5 to 78p awaiting news from the Fenton Hill bid discussions, while improvements of 8 and 10 respectively were seen in William Baird, 282p, and J. H. Fenner, 126p.

Grampian Television firmed 2 to 58p in response to the good annual results and the Board's optimistic statement, but SelecTV encountered end-Account selling and weakened 5 to 37p. Photax (London) shed 3 to 38p on the annual loss and dividend omission.

Further consideration of the year's £7m loss and final dividend omission left Dunlop down another 3 at 49p. The failure to agree a settlement in the Cowley dispute clipped 2 from BL to 31p. Kwik-Fit shed 3 to 44p following the announcement that the company's bid for Crest International had been declared unconditional. Elsewhere in Motors, Abbey Panels put on 4 to 52p on revived speculative support, while new-time buying lifted Henlys 4 to 99p and Jessups 8 to 59p. Lex Service encountered profit-taking and, at 277p, relinquished 7 of the previous day's gain of 18.

Benn Brothers, in receipt of an unwelcome offer from United Newspapers, jumped 15 to 185p on the disclosure that the company had received approaches from other parties.

In Properties, Percy Bilton attracted sizable new-time buying on hopes of a counter to Trust Securities' bid for the company and put on 16 to 286p. Stewart Nairn firmed 2 to 72p, while Thames Investment, a thin market, put on 8 to 88p. Sheraton Securities touched 14½p before reverting to the overnight level of 14p; Greenwich International and associates have increased their stake in the company to 16.08 per cent. The leaders finished the Account on a subdued note, Land Securities and MEPC softening a couple of pence apiece to 325p and 225p respectively.

P & O Deferred met further buying interest and closed 5 higher at 155p; the preliminary results are due shortly. Elsewhere in Shippings, British and Commonwealth gave up 10 to 820p, but John I. Jacobs closed 2 firmer at 56p.

Textiles presented a mixed appearance. Gaskell and Broadloom responded to the good results with a gain of 8 to 62p, while Carpets International, awaiting next week's preliminary figures, improved 1½ to 52½p. Hicking Pentecost edged up 2 to 47p, but F. Miller drifted off 3 more to 115p and Stroud Riley eased a couple of pence to 80p.

Reflecting the dull trend in Tobaccos, Bats eased 10 to 640p and Imps 3 to 108p.

Among Financials, Britannia Arrow traded firmly at 58½p, up 1½, following the company's announcement that sales of unitised funds in the early part of 1983 have exceeded all previous records. Press mention stimulated interest in Majedie, 4 to the good at 88p.

Oils ease

Oil shares opened lower and fluctuated narrowly to close with small losses on the day. BP ended 4 cheaper at 388p, but Shell finished without alteration at 496p, after 492p. Outside of the leaders, Lasmo were noteworthy for a fall of 12 to 305p. Burmah settled with a loss of 4 at 172p and Britoil finished a couple of pence cheaper at 204p, after 202p. In the more speculative issues, Jebsens Drilling encountered further demand and put on 10 to 180p.

In Plantations, Lunuva advanced 30 to 500p in belated response to the results.

Quiet Mines

Mining markets closed a mixed week on a subdued note. Turnover in Golds fell to minimal levels as end-account profit-taking developed. Further selling reflected the lack-lustre performance of the bullion price which closed unchanged on the day at $437.50.

Leading heavyweights showed losses ranging to ¾, as in Southvaal, £40¾, although the majority of stocks closed ¼ to ½ down.

Despite declaring dividends at the top end of market expectations, the Anglo American mines in the Orange Free State all ended around ½ cheaper, including President Brand, £33¼, and President Steyn, £35½.

Expectations to the general rule in heavyweight golds were provided by recent favourites Randfontein, which put on £1½ to £104¾, and Hartebeest, ½ up at £55½.

In cheaper-priced issues, ERGO attracted Johannesburg support and closed 9 firmer at 598p despite an interim dividend broadly in line with market forecasts.

The Gold Mines index dipped 5.3 to 643.9, which is 7.9 lower over the week.

South African Financials registered minor movements either way. The Anglo American group companies all posted 1983 highs during the week but tended to ease yesterday on profit-taking.

De Beers, a feature earlier in the week owing to persistent and sizable Johannesburg buying, retreated 12 to 555p while Anglo American Corporation dipped ½ to £14¾. "Johnnies" held at a year's best of £88¾ and "Amcoal" at a 1983 high of £17¾.

London Financials closed marginally firmer but well down on the week following last Monday's placement by Charter Consolidated of 9.1m RTZ shares at around 562p; RTZ touched a 1983 high of 614p in initial dealings on Monday but by the close of trading, yesterday had retreated to 585p.

The sharp gains in London and Wall Street markets earlier in the week led to substantial demand for Australians on domestic markets, but the trend was reversed by yesterday's profit-taking in London. Prices edged off the lower levels in the late trade.

Interest in the Traded Option market waned with the number of deals shrinking to 2,121 from the previous day's 3,294. GEC were fairly active, recording 456 contracts, comprising 358 calls and 98 puts.

FINANCIAL TIMES STOCK INDICES

	April 22	April 21	April 20	April 19	April 18	April 15	year ago
Government Secs.	81.24	81.60	81.64	81.68	82.19	82.09	67.51
Fixed Interest	83.97	84.04	84.03	84.18	84.36	84.18	68.24
Industrial Ord.	688.0	692.0	678.2	686.2	695.0	695.5	567.1
Gold Mines	643.9	649.2	626.1	646.6	657.9	651.6	260.1
Ord. Div. Yield	4.54	4.52	4.60	4.56	4.52	4.53	5.52
Earnings, Yld.% (full)	9.26	9.20	9.36	9.26	9.18	9.22	11.09
P/E Ratio (net) (*)	13.08	13.18	12.98	13.12	13.23	13.18	11.48
Total bargains	25,702	25,858	23,500	24,665	25,612	27,085	15,415
Equity turnover £m.	—	302.11	320.47	367.91	255.81	246.98	128.4
Equity bargains	—	22,875	21,268	25,629	25,066	23,282	12,398
Shares traded (ml)	—	189.7	205.4	211.5	140.7	146.6	79.7

10 am 684.5. 11 am 688.0. Noon 684.8. 1 pm 685.3.
2 pm 685.2. 3 pm 686.2.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=12.24.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.75 (11/4)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.36 (18/4)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	695.5 (15/4)	598.4 (12/1)	695.5 (15/4/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	531.5 (29/3)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	April 21	April 20
Daily		
Gilt Edged Bargains	148.7	169.9
Equities Bargains	148.2	157.8
Value	610.6	647.7
5-day Avrge		
Gilt-Edged Bargains	175.3	196.2
Equities Bargains	158.1	151.8
Value	603.7	569.8

LEADERS AND LAGGARDS

Percentage changes since December 31 1982 based on Thursday April 21 1982

Office Equipment	+37.96
Motors	+33.49
Health and Household Products	+32.15
Newspapers, Publishing	+29.47
Shipping and Transport	+27.78
Chemicals	+27.07
Insurance Brokers	+25.98
Oils	+25.83
Others Industrial Materials	+25.89
Banks	+25.34
Metals and Metal Forming	+23.75
Insurance (Composite)	+23.07
Other Groups	+22.27
Financial Group	+21.08
Textiles	+20.76
Mining Finance	+20.24
Leisure	+18.13
Investment Trusts	+17.51
Gold Mines Index	+16.66
Property	+15.87
Insurance (Life)	+15.65
Overseas Traders	+15.19
Engineering Contractors	+14.98
Packaging and Paper	+14.89
All-Share Index	+14.85
Other Consumer	+14.33
Mechanical Engineering	+13.70
500 Share Index	+13.22
Merchant Banks	+12.04
Industrial Group	+11.12
Capital Goods	+11.10
Building Materials	+10.55
Consumer Group	+ 8.53
Contracting, Construction	+ 8.19
Discount Houses	+ 7.84
Food Manufacturing	+ 6.31
Electricals	+ 6.01
Brewers and Distillers	+ 1.93
Tobaccos	+ 1.60
Stores	+ 0.12
Food Retailing	— 0.01

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr 18	Apr 29	July 14	July 25
May 3	May 13	July 28	Aug 8
May 16	May 27	Aug 11	Aug 22

For rate indications see end of Share Information Service

Stocks to attract money for the call included BSR, Hawley Group, Barker and Dobson, Town and City, Grovebell, London and Liverpool, Dunlop, Forward Technology, Sangers, John I. Jacobs, Coronation Syndicate, Jove Capital and W. E. Norton. Glaxo and Alexander Discount were dealt in for the put, while a double option was arranged in KCA International.

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (87)

LOANS (1)
Nationwide Building Soc. 9⅞pc 28.11.83

AMERICANS (9)
American Express — Bankers NY
Chrysler — Eaton Corp
Hatton (E. F.) — IU Intl.
Merrill Lynch — Morgan (J. P.)
Fin. Corp. America

CANADIANS (3)
Bow Valley — Seagram
Hawker Siddeley

BANKS (2)
Minster Assets — Sec. Pacific Corp.

BUILDINGS (2)
Marshalls (Halifax) — Travis &Arnold

STORES (2)
Allebone — Church

ELECTRICALS (6)
ASEA 'A' 'B' — Electrocomponents
Farnell Elect. — GEC
Highland Elect. — Thorpe (F. W.)

ENGINEERING (11)
Acrow — Norton (W. E.)
Barton Group — United Spring
Brockhouse — Wood (S. W.)
Capper & Neil — Deritend
Chamberlin & Hill — Simon Eng.
Delta Group

HOTELS (1)
Prince of Wales

INDUSTRIALS (16)
Baird (Wm.) — Eastern Produce
Bellair Cosmetics — Elson & Robbins
Bespak — Gleves Group
Brit. Vita — Photo-Me
BH Prop. — Sandhurst Marketing
CH Ind. — Shiloh
Chamberlain Phipps — Standard Fireworks
Cookson — Unigroup

INSURANCE (2)
Allianz Vers. — Travelers

LEISURE (3)
Riley Leisure — Assoc. Leisure
Norton & Wright

MOTORS (1)
Jessups

NEWSPAPERS (5)
Benn Brothers — Collins "A" (W.)
Black (A. & C.) — CCollins 'A' (W.)
Collins (William) — Intl Thomson

PAPER (1)
Delyn Packaging

PROPERTY (1)
Brixton Estate

SHIPPING (2)
Jacobs (J. I.) — P & O Defd.

SOUTH AFRICANS (1)
Messina

TEXTILES (2)
Gaskell Broadloom — Hicking Pentecost

TRUSTS (7)
Brit. Ind. & Gen. Dfd. — W. Coast & Texas
Eng. & Scot. Inv. — Young Co's. Inv.
General Funds — Duncan(W.) & G'ricke
Gen. Scottish

OILS (2)
Claremont Pet. — Jebsens Drilling

PLANTATIONS (1)
Lunuva

MINES (5)
Randfontein Ests. — Eagle Corp.
Rand Mines Prop. — Tronoh
Anglo-American Inv. — Sabina

NEW LOWS (16)

BRITISH FUNDS (1)
Treas. 10pc 1989 (£25 pd)

BREWERS (2)
Young Brew. 'A' — Do. Non. Vtg.

BUILDINGS (3)
Jarvis (J.) — Vibroplant
Taylor Woodrow

ELECTRICALS (1)
First Castle

FOODS (1)
Bio-Isolates

LEISURE (2)
Medminster — Photax (Lon)

PAPER (1)
Ault & Wiborg

TEXTILES (1)
Munton Bros.

TRUSTS (1)
Alva Inv.

OILS (2)
LASMO Ops — Sceptre Res

MINES (1)
Afex Corp.

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	4	67	27	95	231	168
Corpnes., Dom., and Foreign Bonds	4	13	62	53	48	294
Industrials	176	395	768	1,211	1,727	3,752
Financial and Props.	64	150	305	561	687	1,345
Oils	13	32	65	117	142	291
Plantations	2	7	13	17	18	75
Mines	27	57	69	283	197	285
Others	52	75	47	325	284	246
Totals	341	796	1,356	2,662	3,334	6,456

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Arlen Elec.	377	+22	Lec Refrigeration	223	+18
Barratt Dev.	498	− 4	London and Liverpool	360	−30
Bilton (P.)	286	+16	Minet	132	− 2
Dunlop	49	− 8	Sun Alliance	£11⅞	− 0⅜
GEC	238	+ 8	Travis and Arnold	330	+12
ICI	460	− 8	Woolworth	268	− 9

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Arlen Elec.	55	355	+ 5	Glaxo	22	940	− 2
ICI	50	468	+32	GEC	19	230	+ 6
Grovebell	29	20	+ 3	Grand Met.	18	336	+ 4
Woolworth	29	277	+22	RTZ	18	584	+ 9
London & Lvrpl	28	390	+ 8	Courtaulds	17	94	+ 4
BOC	23	230	+18	Dunlop	17	52	− 3
Beecham	22	413	+13	Fobel Int.	17	182	+10

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Thurs. close	Change on week	Stock	No. of changes	Thurs. close	Change on week
Glaxo	217	940	+70	Security Centres	85	495	—
ICI	169	468	+40	Ultramar	82	570	−20
Arlen Elec.	152	355	+54	LASMO	80	317	+42
BAT Inds.	117	650	−25	Rank Org.	78	168	+ 6
RTZ	114	584	− 4	GEC	76	230	+ 2
Beecham	97	413	+ 1	Currys	75	298	+68
London & Lvrpl	94	390	+20	Plessey	76	597	+ 3

Paper industry 'threatened'

BY MAURICE SAMUELSON

THE PAPER industry is becoming vulnerable to a new plastic packaging which until now has mainly replaced other types of plastic film.

Linear low density polyethylene is beginning to hit parts of the paper industry which are invulnerable to conventional polyethylene films, according to a study by leading chemical groups in the U.S. and Western Europe.

The new plastic is lighter and cheaper than conventional low density film and its production uses far less energy says a report by Wolpert and Jones Studies.*

Its consumption is expanding at a time of huge overcapacity in conventional polyethylene plants. In Britain, Imperial Chemical Industries has withdrawn from polyethylene, leaving the field open to British Petroleum while ICI concentrates on PVC.

* *Linear Low and Medium Density Polyethylene; Supplement II, by Vladimir M. Wolpert, 50 pages. (Wolpert and Jones, 24, St. John's Road, London NW 11.) £62.*

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Figures in parentheses show number of stocks per section

	EQUITY GROUPS & SUB-SECTIONS	Fri April 22 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Thur April 21 Index No.	Wed April 20 Index No.	Tue April 19 Index No.	Mon April 18 Index No.	Year ago (approx.) Index No.	1983 High	1983 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (206)	478.79	+0.3	8.21	3.59	15.35	477.15	469.77	474.14	479.82	371.49	479.82 (18/4)	413.64 (27/1)	479.82 (18/4/83)	50.71 (13/12/74)
2	Building Materials (23)	442.25	−0.9	9.50	4.38	12.80	446.40	442.75	448.14	452.52	325.25	462.65 (15/3)	402.34 (1/1)	462.65 (15/3/83)	44.27 (11/12/74)
3	Contracting, Construction (30)	779.83	−1.5	11.56	4.39	10.44	791.32	790.95	804.26	812.97	596.06	831.09 (15/3)	717.95 (12/1)	831.09 (15/3/83)	71.48 (2/12/74)
4	Electricals (33)	1829.51	+1.6	6.54	1.90	19.64	1800.23	1763.32	1777.84	1803.76	1309.87	1829.51 (22/4)	1523.07 (27/1)	1904.92 (11/10/82)	84.71 (25/6/62)
5	Engineering, Contractors (10)	493.36	−0.5	14.58	6.09	8.42	495.83	485.72	482.37	486.33	493.74	495.83 (21/4)	391.02 (1/2)	523.05 (5/2/82)	64.39 (2/1/75)
6	Mechanical Engineering (64)	220.47	+0.2	10.76	5.26	11.46	220.05	216.02	216.78	219.23	193.70	222.65 (15/3)	193.53 (1/1)	230.26 (24/4/81)	45.43 (6/1/75)
8	Metals and Metal Forming (11)	180.69	−1.1	10.64	6.35	11.44	182.73	178.61	181.58	183.28	164.20	187.60 (7/4)	147.60 (4/1)	192.29 (4/5/79)	49.65 (6/1/75)
9	Motors (18)	101.54	−1.7	—	5.33	—	103.34	101.67	102.15	103.29	93.67	103.34 (21/4)	76.73 (24/1)	170.59 (15/1/69)	19.91 (6/1/75)
10	Other Industrial Materials (17)	454.33	−0.4	7.18	4.93	18.29	456.04	451.79	457.56	461.18	376.63	461.18 (18/4)	362.82 (1/1)	461.18 (18/4/83)	277.55 (15/1/81)
21	CONSUMER GROUP (201)	430.73	−1.3	9.92	4.21	12.24	436.34	432.91	436.79	442.12	301.46	442.12 (18/4)	395.44 (12/1)	442.12 (18/4/83)	61.41 (13/12/74)
22	Brewers and Distillers (23)	457.19	−0.4	11.12	4.69	10.98	458.89	453.24	456.70	466.94	297.38	486.54 (15/2)	433.18 (30/3)	486.54 (15/2/83)	69.47 (13/12/74)
25	Food Manufacturing (21)	340.87	−0.8	13.64	5.61	8.55	343.53	340.01	345.35	347.83	273.67	350.37 (10/3)	323.11 (1/1)	350.37 (10/3/83)	59.67 (11/12/74)
26	Food Retailing (14)	854.34	−0.6	7.49	2.86	16.79	859.51	859.07	862.65	876.48	611.39	893.46 (15/3)	815.37 (30/3)	915.86 (17/11/82)	54.25 (11/12/74)
27	Health and Household Products (8)	845.20	−3.5	5.06	2.23	23.47	876.22	864.86	877.80	879.98	427.48	879.98 (18/4)	663.01 (1/1)	879.98 (18/4/83)	175.38 (28/5/80)
29	Leisure (24)	545.90	−0.4	7.25	4.41	18.07	548.27	546.96	554.90	556.71	448.73	556.71 (18/4)	451.80 (12/1)	556.71 (18/4/83)	54.83 (9/1/75)
32	Newspapers, Publishing (14)	810.27	−0.2	7.74	4.02	16.92	811.64	806.45	813.77	818.87	526.36	818.87 (18/4)	619.26 (4/1)	818.87 (18/4/83)	55.08 (6/1/75)
33	Packaging and Paper (14)	159.91	−1.4	12.88	6.21	9.18	162.24	160.98	161.58	163.95	144.18	170.70 (17/2)	139.78 (4/1)	170.70 (17/2/83)	43.46 (6/1/75)
34	Stores (48)	375.61	−1.1	7.96	3.70	16.72	379.66	377.51	381.39	385.54	274.71	387.30 (12/4)	342.40 (24/1)	397.17 (19/11/82)	52.63 (6/1/75)
35	Textiles (22)	206.44	−0.3	12.63	5.42	9.47	207.04	203.01	204.71	208.16	172.78	209.13 (14/4)	171.44 (1/1)	235.72 (17/1/67)	62.66 (11/12/74)
36	Tobaccos (3)	444.22	−1.7	21.48	6.95	5.21	451.93	452.54	445.47	458.53	316.81	516.31 (3/2)	439.86 (30/3)	516.31 (3/2/83)	94.34 (13/6/62)
39	Other Consumer (10)	380.77	−0.4	6.64	3.80	—	382.12	380.52	385.24	387.91	294.55	387.98 (15/3)	334.21 (1/1)	387.98 (15/3/83)	229.84 (28/9/81)
41	OTHER GROUPS (79)	352.21	−1.0	8.65	4.64	14.24	355.95	346.51	348.49	349.15	252.56	355.95 (21/4)	288.55 (12/1)	355.95 (21/4/83)	58.63 (6/1/75)
42	Chemicals (15)	486.50	−1.1	8.20	4.97	15.21	491.97	462.90	466.99	465.59	333.34	491.97 (21/4)	379.93 (12/1)	491.97 (21/4/83)	71.20 (1/12/74)
44	Office Equipment (6)	108.77	−2.6	8.10	4.96	15.88	111.68	109.92	107.55	107.24	120.21	112.59 (10/3)	80.95 (1/1)	246.06 (1/9/72)	45.34 (2/1/75)
45	Shipping and Transport (14)	666.35	+0.1	11.35	6.10	10.68	665.72	664.34	671.06	676.70	551.90	676.70 (18/4)	520.64 (4/1)	676.70 (18/4/83)	90.80 (29/6/62)
46	Miscellaneous (44)	472.27	−1.1	8.49	3.93	14.32	477.34	476.17	478.72	481.29	322.55	485.58 (16/3)	409.35 (12/1)	485.58 (16/3/83)	60.39 (6/7/75)
49	INDUSTRIAL GROUP (486)	437.76	−0.7	9.15	4.06	13.44	440.83	435.07	438.83	443.53	318.92	443.53 (18/4)	391.26 (12/1)	443.53 (18/4/83)	59.01 (13/12/74)
51	Oils (14)	874.86	−0.8	12.46	6.69	9.79	881.83	872.53	876.16	887.31	751.77	887.31 (18/4)	693.58 (28/2)	1065.24 (19/11/80)	87.23 (29/5/62)
59	500 SHARE INDEX	474.22	−0.7	9.67	4.47	12.69	477.61	471.55	475.31	480.55	354.08	480.55 (18/4)	419.14 (12/1)	480.55 (18/4/83)	63.49 (13/12/74)
61	FINANCIAL GROUP (121)	322.11	−0.7	—	5.75	—	324.46	321.08	324.35	324.67	247.99	324.67 (18/4)	267.24 (4/1)	324.67 (18/4/83)	55.88 (13/12/74)
62	Banks (6)	347.08	—	25.80	7.12	4.28	347.08	338.85	342.75	340.71	267.33	357.74 (15/3)	273.48 (4/1)	357.74 (15/3/83)	62.44 (12/12/74)
63	Discount Houses (8)	311.40	−0.8	—	7.84	—	313.87	312.54	312.68	311.87	226.78	314.18 (12/4)	270.71 (31/1)	334.36 (14/10/82)	81.40 (10/12/74)
65	Insurance (Life) (9)	407.76	−1.2	—	5.34	—	412.87	412.77	415.66	413.91	263.08	415.66 (19/4)	332.67 (12/1)	415.66 (19/4/83)	44.88 (2/1/75)
66	Insurance (Composite) (10)	211.97	−1.4	—	7.08	—	215.06	212.31	215.30	214.98	152.10	215.30 (19/4)	174.73 (4/1)	215.30 (19/4/83)	43.96 (13/12/74)
67	Insurance Brokers (7)	607.18	−1.6	10.82	4.88	12.67	617.29	616.04	622.07	631.33	474.00	631.47 (12/4)	489.98 (1/1)	631.47 (12/4/83)	65.86 (16/12/74)
68	Merchant Banks (13)	169.38	−0.7	—	5.13	—	170.54	171.42	172.94	171.33	146.60	172.94 (19/4)	152.21 (1/1)	278.57 (1/5/72)	31.21 (7/1/75)
69	Property (54)	477.15	−0.4	5.41	3.68	24.44	478.84	476.52	479.16	481.65	433.97	481.65 (18/4)	410.37 (12/1)	517.77 (2/4/81)	56.01 (20/4/65)
70	Other Financial (14)	246.60	−0.6	10.82	5.40	11.09	248.17	244.87	248.95	254.51	169.48	263.61 (25/3)	183.23 (4/1)	303.18 (18/5/72)	33.29 (17/12/74)
71	Investment Trusts (109)	419.54	−0.3	—	4.08	—	421.00	417.34	422.62	424.53	295.17	424.53 (18/4)	358.26 (1/1)	424.53 (18/4/83)	71.63 (13/12/74)
81	Mining Finance (4)	285.29	+0.2	7.22	4.98	18.89	284.69	280.12	282.81	290.06	211.47	290.94 (15/4)	236.76 (1/1)	296.26 (14/8/81)	66.31 (30/9/74)
91	Overseas Traders (16)	445.30	−0.8	9.27	8.19	15.32	448.78	448.69	453.17	456.19	374.72	457.75 (15/4)	387.81 (4/1)	488.51 (18/5/81)	97.37 (6/1/75)
99	ALL-SHARE INDEX (750)	436.04	−0.7	—	4.71	—	439.00	433.71	437.46	441.52	326.70	441.52 (18/4)	382.22 (1/1)	441.52 (18/4/83)	61.92 (13/12/74)

FIXED INTEREST

	PRICE INDICES	Fri April 25	Day's change %	Thur April 21	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	116.86	+0.05	116.80	—	3.99
2	5-15 years	128.88	−0.34	129.32	—	4.77
3	Over 15 years	138.34	−0.54	139.09	—	4.61
4	Irredeemables	150.45	−0.50	151.21	—	1.62
5	All Stocks	127.89	−0.29	128.27	—	4.45
6	Debentures and Loans	103.65	−0.03	103.68	—	3.05
7	Preference	80.16	−0.56	80.61	—	2.51

	AVERAGE GROSS REDEMPTION YIELDS		Fri April 25	Thur April 21	Year ago (approx.)	1983 Highs	1983 Lows
	British Government						
1	Low Coupons	5 years	9.35	9.32	12.09	9.49 (29/3)	8.69 (5/1)
2		15 years	10.22	10.16	12.95	10.91 (24/1)	9.89 (4/1)
3		25 years	10.08	10.00	12.94	11.18 (31/1)	9.73 (11/4)
4	Medium Coupons	5 years	11.33	11.29	14.29	12.16 (12/1)	11.06 (4/1)
5		15 years	11.01	10.92	14.08	12.16 (24/1)	10.68 (11/4)
6		25 years	10.40	10.34	13.58	11.76 (24/1)	10.09 (11/4)
7	High Coupons	5 years	11.36	11.33	14.18	12.29 (12/1)	11.17 (4/1)
8		15 years	11.19	11.10	14.25	12.28 (24/1)	10.89 (11/4)
9		25 years	10.56	10.49	13.78	11.82 (24/1)	10.22 (11/4)
10	Irredeemables †		9.95	9.89	12.68	11.07 (2/2)	9.69 (11/4)
11	Debs & Loans	5 years	12.09	12.08	15.16	12.99 (1/2)	11.97 (15/3)
12		15 years	12.09	12.08	14.95	12.88 (2/2)	12.01 (18/4)
13		25 years	12.09	12.08	14.87	12.90 (4/2)	12.01 (18/4)
14	Preference †		12.26	12.18	15.48	13.24 (24/1)	12.18 (21/4)

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Other Industrial Materials	31/12/80	287.41	Other Financial	31/12/70	128.06
Other Consumer	31/12/80	238.14	Food Manufacturing	29/12/67	114.13
Health/Household Prods.	30/12/77	261.77	Food Retailing	29/12/67	114.13
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67
Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Engineering Contractors	31/12/71	153.84	All Other	10/4/62	100.00
Mechanical Engineering	31/12/71	153.84	British Government	31/12/75	100.00
Office Equipment	16/1/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72

† Flat yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
140	F.P.	15/4	145	128	✠Airship Inds.	128	−1	—	—	—	—
..	F.P.	—	100	95	Atl'to M'trp'n U.S.0.10	85	−11	Q8c	0.6	4.2	28.8
§68	F.P.	—	103	96	✠Bensons Crisps 10p	96	−3	g1.9	3.1	2.8	12.7
§110	F.P.	—	160	140	✠Bryant (Derek) 10p	140	−3	u5.25	2.0	5.4	15.7
¶225	F.P.	6/5	253	228	Datastream 5p	227	−3	b2.25	3.5	1.4	28.7
‖	F.P.	—	60	34	✠Intervision Video 10p	56xd	+2	1.0	2.1	4.0	14.2
§80	F.P.	—	132	110	✠Lorlin Elect. 20p	130	+10	b1.0	5.0	1.1	22.0
§60	F.P.	—	143	128	✠Miss World Grp. 10p	128	−1	b3.0	2.5	3.4	17.3
§£48	F.P.	—	£67	£60	Perstorp AB Free 'B'	£60	.....	Q9.24%	5.2	0.7	28.5
‖	F.P.	—	36	27	✠Rivlin I. D. & S. 5p	35	.....	F0.1	—	0.4	—
§72	F.P.	30/8	113	89	✠Utd. Packaging 10p	105	.....	b2.5	3.2	3.4	11.2
‖	F.P.	—	44	38	✠Yorkgreen Inv. 10p	38	−2	b1.4	2.5	5.3	8.

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −
‖	Nil	—	90ppm	5ppm	Bifurcated Con. Cum. Red. Pref.'91-93	90ppm	−20
—	£25	—	24¼	24⅛	Brixton Est. 11¾pc Deb. 2018	24⅛	.....
—	£20	—	19⅓	19¼	Bristol 11½ pc Red. 2008	19¼	.....
¶¶	F.P.	20/5	98	95	Brooke Tool 17% Conv. Cum. Prf. 50p	97	+2
‖100	Nil	—	17ppm	12ppm	Eastern Prod. 10½% Con.Uns.Ln.'87-2002	15ppm	.....
¶101	£10	—	12	11½	Folkestone&Dist. Water7% Red.Pref.'88	11½	.....
16	£25	30/6	28	24¼	Hambros Inv. 5-17% Stpd. Deb. 2018	27	+¼
‖	F.P.	—	225p	130p	✠Intervision 7% Cnv. Red. Prf.	130p	.....
—	—	—	100⅝	99	Nationwide Bdg. Soc. 11¼% Bds. 19/3/84	100⅝	.....
—	—	—	100⅜	100⅛	Do. 11¼% Bds. 9/4/84	100⅝	.....
¶¶	F.P.	20/6	14p	11p	Newman Inds. 10% Cm Cnv Red.Prf.10p	14p	.....
¶¶	F.P.	—	102	101½	NewThrogmortonTst.(83)12.6pcD.2008	101½	.....
§97.174	£25	6/5	32¾	22	Pearson (S) 13% Uns. Ln. 2007	31¾	−¼
99.778	£25	—	26	25⅜	Sunderland 11¾% Red. 2008	25	−⅛
¶100	F.P.	9/6	102	101½	Sutton Dist. Water 7% Pref. 1988	101½	.....
‖	Nil	—	12ppm	7ppm	Tomatin Distillers 7pc Cum. Cnv.Pref.	7ppm	.....
100'	F.P.	—	108p	105p	Wellman Eng. 10% Cum. Irr. Conv. Pref	106p	−1

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date		1983 High	1983 Low	Stock	Closing price	+ or −
73	F.P.	12/4	15/5	94	86	✠Aldcom Int. 10p	87	−2
55	Nil	26/4	3/6	51pm	42pm	BSR 10p	48pm	+1
10	F.P.	8/4	20/5	15½	11½	Bluemel Bros.	14	.....
155	F.P.	8/4	31/5	206	175	Brit. Car Auctions 10p	205	−1
220	Nil	28/4	20/5	78pm	50pm	Collins (William)	78pm	+3
175	Nil	28/4	20/5	75pm	45pm	Do. A	75pm	+2
45	Nil	30/4	3/6	8pm	5pm	Comben Grp. 10p	5pm	.....
22	Nil	29/4	24/5	4pm	1½pm	East Rand Cons. 10p	4pm	+1
95	F.P.	19/4	16/5	116	105	Ferguson Ind.	110	.....
385	F.P.	—	27/5	620	522	Fisons £1	610	−10
108	F.P.	7/5	29/5	120	113	✠Garfunkels 10p	120	+4
163	F.P.	11/3	10/6	185	162	Geers Gross 10p	183	.....
30	F.P.	12/4	20/5	51	40	Guinness Peat	50	.....
162	Nil	27/4	18/5	18pm	6pm	Hampton Gld Mining 10p	18pm	+1
260	F.P.	15/4	13/5	330	304	Harris Queensway	324	.....
198	Nil	—	—	48pm	12pm	✠Immediate Business 10p	20pm	−5
Ir£0.98	F.P.	—	—	95	92	Irish Distillers	95	.....
185	F.P.	20/4	17/6	317	215	LASMO	307	−10
110	Nil	—	—	15pm	7pm	Leisuretime Int. 10p	4pm	−5
140	F.P.	28/3	6/5	194	175	Magnet & Southerns	178	−2
290	Nil	—	—	115pm	82pm	Mills & Allen	82pm	−5
176	Nil	—	—	68pm	50pm	Mowlem (J)	50pm	−4
A$1.50	P.P.	28/4	25/5	115	67	North B. Hill 50c	115	+5
—	Nil	—	—	14½pm	11pm	Sheffield Brick	11pm	.....
390	Nil	—	—	58pm	40pm	Standard Chartered Bank£1	47pm	−5
81	F.P.	28/3	6/5	100	97	Valor	98	−2
140	Nil	—	—	115pm	105pm	Warehouse Gp.	155pm	.....
15	Nil	26/4	27/5	10½pm	7pm	Whittington Int'l	7pm	−¼

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ✠ Effective issue price after scrip. † Formerly dealt in under special rule.

INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Assur. Co. Ltd.—Contd.

Income Accum.	107.3	113.0	-0.2	—
Do. Initial	106.3	111.9	-0.2	—
Man. Pens. Accum.	226.0	237.4	—	—
Do. Initial	197.5	207.9	—	—
Gilt-Edg. Pens. Accum.	202.7	213.4	—	—
Do. Initial	164.5	173.0	—	—
Money Pens. Accum.	178.3	187.4	—	—
Do. Initial	146.2	153.9	—	—

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.	218.25		—	—
Managed Int. Fd.	150.77	158.71	—	—
Property Fd.	146.34	154.05	—	—
Fixed Interest Fd.	138.15	145.43	—	—
Cash Fd.	132.57	139.34	—	—
Income Fd.	153.18	161.30	—	—
Extra Income Fd.	146.93	154.67	—	—
Worldwide Growth Fd.	214.83	226.14	—	—
Balanced Fd.	159.45	168.06	—	—
Sm'r Co's & Recy. Fd	192.15	202.27	—	—
Int. Technology Fd.	239.16	251.75	—	—
Nth. Amer. & Gen. Fd.	140.34	148.78	—	—
Energy Int. Fd.	91.12	95.92	—	—
Pacific Basin Fund	123.92	130.45	—	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Equity	97.4	102.5	-0.9	—
International	113.9	119.9	+1.5	—
Property	106.4	112.0	+0.4	—
Deposit	96.7	101.8	+0.1	—
Fixed Interest	96.0	101.1	+0.2	—
Managed	103.8	109.3	+0.5	—
Equity Pens Cap.	96.9	102.0	-1.2	—
Intnl. Pens. Cap.	118.0	124.2	+2.1	—
Property Pens Cap	108.4	114.1	+0.5	—
Deposit Pens Cap	96.0	101.0	—	—
Fixed Int Pens Cap	95.1	100.1	+0.1	—
Managed Pens Cap	105.5	111.0	+1.2	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity 6th March 1		85.2	—	—
Rent. Fed. April 6		234.2	—	—
Managed Pen Fund	277.2	306.5	—	—
Property Pen Fund	110.1	115.9	—	—
Index Lnkd Pen Fund	120.6	127.0	—	—
Managed	115.7	121.8	+0.1	—

Robert Fleming & Co. Ltd.
See Currencies Page Mon-Fri and Stock Exchange Dealings Page Sat

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	120.8	127.2	+0.7	—
GT Pln High Yld Fnd	112.4	118.4	-1.6	—
GT Plan Far East Fnd	98.8	104.0	+1.0	—
GT Pln N Am Fund	150.6	158.6	+1.8	—
GT Pln UK&G.E. Fnd	129.8	136.7	+1.4	—
GT Pln Wrldwde Fnd	130.0	136.9	+1.6	—
GT Pension Bnd Fnd	129.0	135.8	+0.9	—
GT Pen High Yld Fd	126.3	133.0	-2.1	—
GT Pen Far East Fd	112.5	118.5	+2.1	—
GT Pen N. Am. Fd	206.9	217.7	+5.2	—
GT Pen UK & G.E. Fd	147.7	155.5	-3.3	—
GT Pen Worldwide Fd	138.4	145.6	+1.8	—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	161.30	169.79	—	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		236.6	—	—
Portfolio Fd. Init.		199.5	—	—
Portfolio Fd. Cap.		228.1	—	—
Investment A ntl.	236.5	249.0	—	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance		1,473	—	—
Landbank Secs.		127	—	—
Landbank Scs. Acc.	172.4	176.8	—	—
G. & S. Super Fd.		£30.635	—	—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Guardian Assurance

Property Bonds	299.2	311.6	—	—

GRE Linked Assurance Limited

Managed Initial	200.5	211.1	+0.5	—
Do. Accum.	220.2	231.8	+0.5	—
Equity Initial	252.4	265.7	-0.2	—
Do. Accum.	277.1	291.7	-0.3	—

OFFSHORE AND OVERSEAS

NOTES

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
300	210	Falcon Rh.50c	250	......	Q25c	10.3	6.0
21	16	Wankie Col. Z$1	19	−1	Q5c	♦	16.3
28	18	Zam.Cpr.SBD0.24	22	......	—	—	—

Australians

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	19½	......	—	—	—
14	6	♥Argosy Gold NL 25c	7	......	♦	—	—
25	11	Balmoral Resources	18	−1	—	—	—
60	42	♥Black Hill Mins.	50	+1	—	—	—
74	52	♥Bond Corp.	59	......	Q010c	2.3	10.4
154	116	♥Bougainville 1 Kina	154	+3	Q3.42c	1.2	13
295	214	♥CRA 50c	295	......	Q3c	—	0.6
145	60	♥Carr Boyd 20c	90	......	—	—	—
35	18	♥Central Pacific	25	+1	—	—	—
320	210	♥Crusader Oil	290	+15	—	—	—
15	8	♥Cultus Pac NL	10½	......	—	—	—
19	7	♥Eagle Corp 10c	19	+1	—	—	—
14	8	♥Endeavour 20c	10	......	—	—	—
810	500	♥GM Kalgoorlie 25c	560	−5	hQ10c	♦	1.0
*240	170	Hampton Areas 10p	182	+2	t3.75	2.8	2.9
32	15½	♥Haoma NW	23	+1	—	—	—
92	30	♥Hill Minerals N.L	50	−2	—	—	—
21	13	♥Intnl Mining	14	......	—	—	—
42	25	♥Kaltara Min 20c	33½	−1	—	—	—
15½	9	♥Keywest Expl.	14	......	—	—	—
130	54	♥Kitchener NL 25c	82	−2	—	—	—

[illegible]

Tins

[illegible]

Miscellaneous

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
135	65	♥Colby Res Corp.	65	−5	—	—	—
485	315	Cons. Murch. 10c.	470	−10	‡Q60c	1.9	‡
5½	3	‡‡Exploura Gold	3	......	—	—	—
155	103	♥Highwood Res.	130	−5	—	—	—
£21¼	£18	Homestake Mining $1	£21⅛	−⅛	Q40c	—	1.3
495	360	Northgate C$1	390	−10	—	—	—
614	455	R.T.Z.	585	+1	16.0	q2.0	4.0
£130	£108	Do.9½%Cnv.Ln.'95-2000	£127½	−½	Q9½%	♦	F7.6
37	13	♥Sabina Inds C$1	37	+4	—	—	—
17½	12½	‡Southwest Res 10p.	16	......	—	—	—
530	312	♥Tara Expln $1	500	−12	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	54	......
Bdg'wtr. Est. 50p	520	......
Craig & Rose £1	£12	......
Finlay Pkg. 5p	34	......
Graig Ship. £1	£19	+1
Higsons Brew.	103	......
Holt (Jos) 25p	918	......
I.O.M. Stm. £1	108	......
Pearce (C. H.)	£14	......
Peel Hldgs.	200	......

IRISH

Exch. 13pc 1983	£100	......
Nat. 9¾% 84/89	£86¾	......
Fnl 13% 97/02	£95⅝	......
Alliance Gas	103	......
Arnott	185	......
Carroll (P.J.)	111	......
Concrete Prods.	54	......
Heiton (Hldgs.)	16	......
Irish Ropes	36	......
Jacob	80	+1
T.M.G.	80	......
Unidare	75xd	+2

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	15	House of Fraser	17	Utd. Drapery	14
BOC Grp.	20	I.C.I.	35	Vickers	12
B.S.R.	12	"Imps"	11	Woolworth Hld.	27
Babcock	16	I.C.L.	8½		
Barclays Bank	35	Ladbroke	20	**Property**	
Beecham	35	Legal & Gen.	36	Brit. Land	8½
Blue Circle	44	Lex Service	30	Cap. Counties	15
Boots	22	Lloyds Bank	45	Land Sec.	30
Bowaters	19	"Lots"	3½	MEPC	22
Brit. Aerospace	20	London Brick	15	Peachey	16
B.A.T.	65	Lucas Inds.	15	Samuel Props.	10
Brown (J.)	5	"Mams"	12	Town & City	3
Burton Ord.	35	Mrks. & Spncr	20		
Cadburys	11	Midland Bank	35	**Oils**	
Courtaulds	8½	N.E.I.	10	Brit. Petroleum	32
Debenhams	12	Nat. West. Bank	50	Burmah Oil	18
Distillers	22	P & O Dfd.	14	Charterhall	5
Dunlop	6	Plessey	50	KCA	8
Eagle Star	35	Racal Elect.	45	Premier	4
F.N.F.C.	4½	R.H.M.	6	Shell	45
Gen. Accident	40	Rank Org. Ord.	17	Tricentrol	19
Gen. Electric	22	Reed Intnl.	28	Ultramar	40
Glaxo	90	Sears	9		
Grand Met.	32	T.I.	16	**Mines**	
G.U.S. 'A'	55	Tesco	14	Charter Cons.	20
Guardian	42	Thorn EMI	50	Cons. Gold	50
G.K.N.	15	Trusthouse	20	Lonrho	8
Hawker Sidd	34	Turner & Newall	4½	Rio T. Zinc	50
		Unilever	80		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £[illegible] per annum for each security

FINANCIAL TIMES

Saturday April 23 1983

MAN IN THE NEWS

Leading with the chin

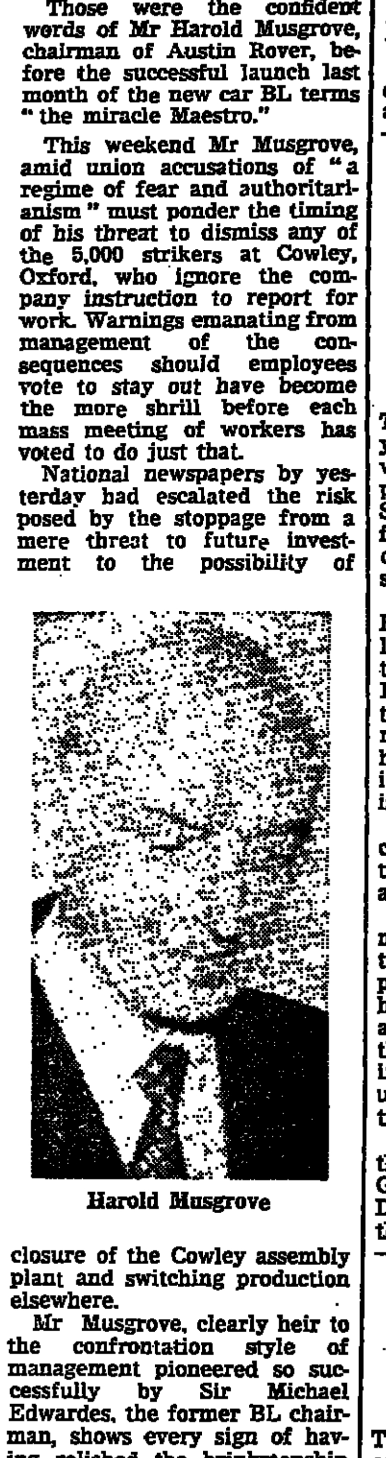
BY ARTHUR SMITH

"A FUNDAMENTAL aspect of our management success is—and will continue to be—a sensitivity and responsiveness to the needs of the men and the women who work in our factories and offices."

Those were the confident words of Mr Harold Musgrove, chairman of Austin Rover, before the successful launch last month of the new car BL terms "the miracle Maestro."

This weekend Mr Musgrove, amid union accusations of "a regime of fear and authoritarianism" must ponder the timing of his threat to dismiss any of the 5,000 strikers at Cowley, Oxford, who ignore the company instruction to report for work. Warnings emanating from management of the consequences should employees vote to stay out have become the more shrill before each mass meeting of workers has voted to do just that.

National newspapers by yesterday had escalated the risk posed by the stoppage from a mere threat to future investment to the possibility of



Harold Musgrove

closure of the Cowley assembly plant and switching production elsewhere.

Mr Musgrove, clearly heir to the confrontation style of management pioneered so successfully by Sir Michael Edwardes, the former BL chairman, shows every sign of having relished the brinkmanship of the last 10 days. He has dashed from all-night talks with national union leaders to face the television cameras, conduct breakfast time interviews with the local Press and offer briefings to the nationals.

Throughout the mounting crisis he has jutted his chin, leaned forward resolutely to the camera, and stressed: "This is neither an idle threat nor a bluff."

His gaunt features, intense gaze and clipped sentences have pushed across the message that this is a new style BL management sure of its objectives and not to be deflected.

Mr Musgrove, into his early fifties, but impeccably well groomed and sharply dressed, reflects the triumph of the line manager—the production man—over the specialist. Gone are the days when the industrial relations executives, for so long the gurus in what was once a sprawling state owned giant, reigned supreme.

Mr Musgrove spells out the reality—and expletives flow freely. He insists that having invested £225m in the Cowley assembly plant facilities must be used to the full. Workers must put in a full 39 hour week. Management has the right to manage and shop stewards can no longer have the power of veto.

He is very much a company man: as chairman of Austin Rover he has swapped his chauffeur driven Jaguar for a Rover. Fellow directors do not question either his forceful personality or authority. Promotion under Sir Michael was rapid. He was plucked in 1978 from the Leyland truck and bus division, where he was a general manager, to become a director of the volume cars division.

He was the driving force behind the £285m project to revamp the giant Longbridge plant Birmingham, and push through labour changes ready for the successful launch of the Metro.

Mr Musgrove, a Birmingham boy, joined the old Austin Motor Company as an apprentice in the Longbridge tool room at the age of 15. Almost a contemporary was toolmaker Mr Derek Robinson—"Red Robbo" dismissed when Mr Musgrove returned as managing director.

The Austin Rover chairman, with his first hand knowledge of the shop floor clearly feels his tough line will also eventually assert at Cowley management's right to manage.

Rising tide of engineering disputes

BY NICK GARNETT, NORTHERN CORRESPONDENT

ENGINEERING companies in some of Britain's traditional manufacturing areas are beginning to be affected by more union disputes than at any time in the past two years. The Engineering Employers Federation believes the upward trend is a sign of shop-floor frustration and greater resistance to enforced redundancies and low wage settlements.

Half the representatives of the 17 local associations within the federation reported to the management board this week that a trend was apparent.

The West Midlands and the North-West appear to have witnessed the most marked rise in disputes. There have been smaller indications in West Yorkshire and Humberside and to a lesser extent in South Yorkshire.

The federation said yesterday: "There is no doubt that, as a general view, the number of disputes has increased in the past couple of months, though not to very significant proportions. A lot of rapport has been built up between management and managed over the past few years."

Mr Kim Croom-Johnson, director of West Midlands Engineering Employers Association, said his organisation had dealt with two or three disputes a day among its 1,200 members last year. The average now was about a dozen daily, almost all over pay grievances. In the pre-recession boom years the average was about 40 disputes a day.

The largest engineering employers' association is in the North-West, and covers most of Greater Manchester, Merseyside and Lancashire. It has an action board which, in the past two years, has frequently been used for pinning up notices because there were no disputes to report. In the past few days, the association has had half a dozen disputes on the board.

One of them, at N. Greenings, a Warrington wire company, involves 550 workers who have been on strike for four weeks over redundancies.

Mr Mike Bamber, the association's assistant director, said: "I think there is a shift in attitudes. There's a greater challenge to the trade union leadership and to management decisions."

Some officials said the water workers' strike had also had an impact on shop-floor attitudes. Some feared disputes might now take longer to sort out because of the decline in the influence of paid union officials.

The engineering association for South Yorkshire and North Derbyshire said yesterday there were only faint signs of unrest. These did not yet add up to a significant trend.

It had on its hands, however, a factory occupation over five redundancies at a Sheffield drop forger, and there had been two three-week strikes in Worksop and Barnsley.

Mr Nick Kemp, the association's director, said "much-vaunted co-operation" was showing signs of stress.

The association for Yorkshire and Humberside has witnessed a rise in "petty niggling, squabbles and minor disputes which could indicate a degree of frustration," Mr Vernon Minett, its director, said.

Some officials believe that signs that some companies may no longer be at rock-bottom have helped to fuel unrest. "There is no way that companies could withstand a rash of significant disputes," the federation added.

Claim for 35-hour week, Page 4
Editorial comment and Hazards of recovery, Page 22

June elections demanded in Italy as Socialists pull out of coalition

BY RUPERT CORNWELL IN ROME

THE ITALIAN Socialist Party yesterday announced that it was withdrawing from the four-party coalition Government of Sig Amintore Fanfani and called for new general elections to be combined with local elections set for June 26.

The announcement, by Sig Bettino Craxi, the Socialist leader, would seem to ensure the fall of the Government—Italy's 43rd since the end of the Second World War—in the next few days. But whether his wish for general elections in two months will be granted is much less certain.

Sig Fanfani's coalition included the Christian Democrats, the Socialists, Social Democrats and Liberals.

In his opening speech to a meeting of the Socialists' central committee, Sig Craxi praised the government, which has lasted five months, for its achievements. He singled out the conclusion of a new wage indexation agreement between unions and employers, and taxation measures.

He maintained, however, that the Socialists supported the Government's formation last December on the understanding that it would survive only to this spring. It was time for elections, to open the way to a new and more lasting stability."

Whether they will be called by Sig Sandro Pertini, the Italian President, before May 11, the last possible day to allow time for a minimum 45-day election campaign, is uncertain. It depends on the outcome of the elaborate game of political poker being played out between, yet again, the Socialists and the Christian Democrats.

The Republicans, Social Democrats, Liberals and Communists have let it be known that, despite public protests, they would not be averse to a general election. The Christian Democrats, however, maintain with increasing outspokenness that early elections are unnecessary.

Sig Ciriaco de Mita, the Christian Democrat leader, is due to make known his party's position today, but there seems little doubt he will reject Sig Craxis's call. Last night Sig Gerardo Bianco, the influential Christian Democrat Chief Whip, said that it was "unintelligible" for the Socialists to praise the Government and, in the next breath, to provoke its downfall.

In any case, Christian Democrats and Socialists would have to co-operate, as now, in subsequent governments after the next elections. So what was the point, Sig Bianco asked, of holding them a year before they constitutionally fell due?

The Socialists' determination to force an end to the current Parliament reflects the party's fear that its growing popularity of the last two or three years may have reached a peak.

Recent scandals have involved the Socialists and there are indications that, under Sig De Mitas' forceful leadership, the Christian Democrats could be recapturing some lost ground.

If that is the case, the Christian Democrats may be happy to go to the country this summer. But publicly, they are expressing opposition with the aim of pinning the blame for elections, which Italy in general shows no sign of desiring, on the Socialists.

The last word rests with Sig Pertini. In the past he has always fought successfully to prevent elections when they have seemed probable. This time, his attitude is unknown.

Treasury adviser retained

By Max Wilkinson, Economics Correspondent

MR TERRY BURNS, the Treasury's chief economic adviser, has been given a 12-month extension of his contract, which was to have expired at the end of this year.

The decision was announced by the Prime Minister yesterday. It means that Mr Burns will remain in his job as a second permanent secretary at least until after the next election.

The extension of Mr Burns's four-year contract is short enough, however, to allow an incoming government to make a reasonably early decision on whether to keep him in office or to appoint someone else.

Mr Burns was appointed, at the comparatively early age of 35, in January 1980. Although he came in as a civil servant rather than as a political adviser, Mrs Thatcher strongly sympathised with his views on the importance of monetary discipline. He regards his job as a nonpolitical light, however, in contrast to Professor Alan Walters, Mrs Thatcher's personal economic adviser.

Mr Burns moved to the Treasury from the London Business School where, as Professor of Economics in charge of the Centre for Economic Forecasting, he urged the need to fight inflation through monetary and fiscal controls. This view was already gaining ground in the Treasury under the last Labour Government but it was taken up more vigorously by the Conservatives in 1979.

Co-op Bank seeks 250 job cuts

BY JOHN LLOYD, LABOUR EDITOR

THE Co-operative Bank, which earlier this week reported a fall in profits of nearly 60 per cent, told the main bank union yesterday that it wanted a cut of 250 in its 3,200 staff within a month.

The redundancies, most of which will be compulsory, are the first involuntary cuts called for by a high street bank, although others, notably the Midland, have reduced staffing levels by voluntary means.

The blow to the Banking Insurance and Finance Union is the greater because of the Co-op's strong links with the Labour movement. The bank is setting up a trade union bank and has put £1.25m towards the venture.

The union is not allowing sentiment to dilute its indignation. Mr Terry Molley, Bifu's deputy general secretary, said last night that delegates from the three areas affected — London, Manchester and Skelmersdale—would meet in Birmingham on Wednesday. He expected a request to be made to the executive for a ballot on industrial action.

"The Labour link is not all that strong," Mr Molley said, "because we are not affiliated to the Labour Party. Even if we were, our members' interests come first. We told the bank this morning that we expected the members would be angry."

A statement from the bank said that the purpose of the cost reduction was "to enable the bank to improve its profitability and continue its rapid programme of development. The savings which the bank is seeking will involve natural wastage, retraining, redeployment and some measure of redundancy."

Mr Eric Hutchinson, the union's organiser at the bank, said he had warned management for some years that its performance was poor. "It has to be said that it's got itself in this position through outright bad management. I believe it's ripe either for a takeover or the Co-operative Wholesale Society stepping in and saying it's not viable."

The Co-op's statement said that while it did not seek the same level of profitability as private sector banks, an increase in the return on funds was necessary.

"The bank, all of whose staff are Bifu members, looks forward to a helpful and constructive dialogue over the next few weeks."

Weather

UK TODAY

Sunny intervals, showers, heavy at times; windy in E and N.

London, SE, S England, Midlands, N, NW England, SW Scotland

Some bright intervals. Winds moderate. Max 14C (57F).

Rest of England, Borders, Wales, SE Scotland, N Ireland

Cooler. Max 13C (55F).

Rest of Scotland

Cloudy; snow on hills; wind strong, gales in places. Max 10C (50F).

Outlook: Continuing unsettled. Temperatures near normal.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	17	63	Luxmbg	F	12	54
Algiers	S	26	79	Luxor		—	—
Amsdm.	F	12	54	Madeira	F	18	64
Athens	C	20	68	Madrid	C	12	54
Bahrain	F	26	69	Majorca	F	18	64
Barclna.	F	17	63	Malaga	F	16	61
Beirut	S	20	68	Malta	F	19	66
Belfast	R	6	43	M'chstr	C	11	52
Belgrd.	R	15	59	Melbne	C	23	73
Berlin	R	11	52	Mex C.†		—	—
Biarritz	F	18	64	Miami†	S	22	72
Bmghm.	C	11	52	Milan	C	15	59
Blackpl.	C	12	54	Montrl.†	S	3	37
Bordx.	F	19	66	Moscow	C	11	52
Boulgn.	R	11	52	Munich	F	11	52
Bristol	R	13	55	Nairobi	C	21	70
Brussels	F	13	55	Naples	F	17	63
Budpst.	C	17	63	Nassau		—	—
Cairo	S	24	75	Nwcstl.	C	7	45
Cardiff	R	8	46	N York†	S	9	48
Casb'ca	C	17	63	Nice	S	16	61
Cape T.	F	18	64	Nicosia		—	—
Chicg.†	S	2	36	Oporto	F	14	57
Cologne	F	13	55	Oslo	C	9	48
Cpnhgn.	F	12	54	Paris	C	14	57
Corfu	S	23	73	Perth	S	18	64
Denver†	S	5	41	Prague	R	12	54
Dublin	R	7	45	Rykjvk.	S	−2	28
Dbrvnk.	F	18	64	Rhodes	F	21	70
Ednbgh.	C	9	48	Rio J'o†		—	—
Faro	C	15	59	Rome	F	18	64
Florence	F	17	63	Salzbg.	C	13	55
Frankft.	C	14	57	S'cisco†	F	11	52
Geneva	S	14	57	S. Mritz.		—	—
Gibrltr.	F	18	64	Singapr.	F	34	93
Gl'sg'w	C	10	50	S'tiago†		—	—
G'rnsey	F	11	52	Stckhm.	C	6	43
Helsinki	S	12	54	Strasbg.	S	15	59
H. Kong	C	26	79	Sydney	S	22	72
Innsbrk.	F	14	57	Tangier	F	18	64
Invrnss.	R	7	45	Tel Aviv		—	—
I.o.Man	R	8	46	Tenerife	F	20	68
Istanbul	F	15	59	Tokyo	R	13	55
Jersey	R	12	54	T'r'nto†	C	0	32
Jo'burg	S	28	81	Tunis	S	20	68
L. Plms.	S	19	66	Valencia	F	21	70
Lisbon	F	15	59	Venice	F	17	63
Locarno	S	17	63	Vienna	R	13	55
London	C	12	54	Warsaw	S	23	73
L. Ang†	C	14	57	Zurich	S	14	57

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

Continued from Page 1

Thatcher and Kohl gloomy

nuclear forces talks in Geneva.

On EEC matters, the British Prime Minister, said she was confident she would secure a rebate on Britain's EEC budget contributions for 1983 by the first week in June.

In spite of the EEC Commission's reluctance to move quickly on the UK problem, Mrs Thatcher took heart from assurances given by Herr Kohl that his government would do everything possible to ensure that the rebate was secured at the next EEC summit in Stuttgart, on June 6-7.

West Germany holds the presidency of the EEC Council of Ministers until the end of June.

While Britain sets great store on securing the £500m budget rebate by June, Bonn is equally determined to round off its presidency with the approval of a declaration on European Union designed to give the Community new momentum.

One important feature of the plan is the abolition of the practice allowing governments to veto decisions in the Community's Council of Ministers when vital national interests are at stake. Mrs Thatcher remains adamant that governments should retain the veto.

The Prime Minister said it was important that progress should be made on European unity, but practical issues such as the budget and the freeing of trade in services took precedence.

Herr Kohl and Mrs Thatcher were, however, largely in agreement on economic policy, including methods of bringing down inflation. It appears likely, however, that Britain will take a much tougher line than West Germany on restricting East-West trade when the matter comes up for discussion next month at the Western economic summit in Williamsburg, Virginia.

President Reagan intends to push for tighter measures to prevent the export of high technology goods to the Communist bloc. His efforts to prevent European companies exporting U.S.-licensed equipment to the Soviet Union for the Siberian gas pipeline brought about a serious rift in relations between the Western European countries and Washington last year.

Continued from Page 1

Aurora seeks reconstruction

lost more than £23m in the past two years.

Mr Arthur Watt, managing director, explained that the group has been unable to hold most of the customers of the two acquired companies and could not compete on price with other European special steel producers.

"I'm glad we got out. Prices have gone down even further since we announced the closure in February," he said.

Mr Watt said the directors had made the wrong decision in entering the special steel industry, "but once we realised it, we tried to do everything possible to make it work."

The group's other activities, including industrial fasteners, castings and forgings and toolmaking companies, made trading profits of £4.85m last year compared with £6.6m in 1981.

Mr Watt said no further asset sales were planned. He hoped to stay on as managing director, but that would depend on the views of the new shareholders.

THE LEX COLUMN

Walking wounded in fun City

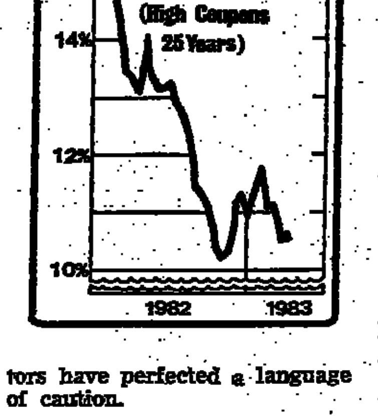
While the bullish statement from ICI was enough to set the stock market alight last week, there is still no sign of more than a few select spots of manufacturing industry sparking into renewed life. On all the available evidence, many of the companies that have been leading the market up towards the 700 mark have yet to catch sight of a genuine recovery in volume. Indeed, investor anticipation has raced so far ahead of production activity that the City is beginning to scent some sort of share price correction among the engineering companies.

ICI's improvement is mainly due to currency. In its commodity trading businesses, the benefits of the slide in sterling, particularly against the D-Mark, are coming through swiftly. For an engineering company, the currency factor, though undoubtedly there, works differently. Even an exporter halfway down the chain between light consumer orientated products and the heavy contracting end tends to be tied into long-term contracts. A motor component manufacturer, for example, may now be making translation gains on foreign earnings and picking up market share in the after market; but the full effect of more competitive pricing on winning new business will take time to feed through.

In the home market, higher demand is very much confined to consumer durable producers and the building sector. The High Street boom has pulled the white goods manufacturers out of the recession and is maintaining the momentum—but that is a process that began last summer and has now been more or less absorbed. In the building industry, the encouraging noises that emerged from RMC last week, or from BICC construction division a few weeks earlier, translates the effect of the rise in housing starts, the strength of DIY demand, and increased local authority and maintenance activity.

The contractors are now looking for a further boost from larger scale public works programmes. But even where these are emerging, they take at least 12 months from conception to trundling the bulldozers on site. The same goes for the sort of orders a booming ICI might start to push through to the process plant makers back at the far end of the recovery cycle. No wonder finance directors have perfected a language of caution.

Index fell 4.0 to 688.0



Aurora

Stock Exchange traders have been so busy debating the arrival of an industrial recovery this week that yesterday they may hardly have noticed two battered victims of the recession limping through the side door to deliver their own judgement on booming Britain.

Aurora announced a suspension of its shares pending a capital reconstruction and Blackwood Hodge unveiled a set of preliminary figures which had been held over for a week owing to an unspecified problem with the company's auditors. As it turns out, no amount of sophisticated accounting could have made the figures look anything but profoundly awful.

Aurora has taken the full cost of its withdrawal from the special steels business on the chin, charging £13.4m below the line for 1982 on top of a loss after taxation of £4.3m. The retained loss has virtually extinguished both ordinary and preference shareholders' funds leaving the group with no option but to seek a capital reconstruction.

For the banks and institutions, this will demand a considerable act of faith. Net indebtedness at the end of last year totalled £36.5m and the trading profit from continuing operations fell short of interest charges by £600,000. The final withdrawal from special steels will have a neutral effect on cash flow so a sizable capital injection will be needed if Aurora is to be in a position to trade its way out of trouble in its slimmed down form. Even with new capital, asset disposals—particularly in Australia—will be needed.

Aurora's expansion into special steels during the late 1970s looks, in retrospect, one of the most monumentally ill-conceived decisions of the decade. The heady growth of those years would never have been possible, however, without the spirited co-operation of the banks and institutions, which installed the management responsible and underwrote the necessary issue of equity. The Department of Industry, which is actively involved in the reconstruction, is presumably impressing on them their moral obligation to put this fallen angel back on its feet.

Blackwood Hodge

As recently as last September, the chairman of Blackwood Hodge felt confident enough to predict that "in the absence of unforeseen problems we would expect to see a pre-tax profit for 1982." Not for the first time, he proved much too optimistic.

A pre-tax profit of £639,000 at the interim stage has translated to a full year loss of £3.7m. The position would have looked worse still but for a decision to shift the results of its Nigerian operations from associate to investment status benefiting the pre-tax line by £734,000. At the same time, the group has suddenly abandoned current cost accounts.

These accounting adjustments may give some indication of the pressure being felt by Blackwood Hodge. The 28 per cent fall in sales incurred during the second half was very broadly based and, after a poor first quarter, the company is seeing only a very patchy recovery in orders. Debt has fallen roughly in line with sales, but Blackwood has still not managed to improve its all important stock to sales ratio while net borrowings are equivalent to about 150 per cent of shareholders equity. Blackwood's very high stocks have always enabled it to run up monumental levels of trade debt but the group's bankers would presumably prefer not to test the stock valuation of £120m in today's depressed market. The share price fell 5p to 19p yesterday, valuing the whole company at about £15m. With the Sunley family trusts controlling 35 per cent of the ordinary equity—and trustees sitting on the board—the institutions may be powerless to take any initiative.